Financial Statements 2024

RBC Financial (Caribbean) Limited and its subsidiaries	3
RBC Royal Bank (Trinidad and Tobago) Limited	36
RBC Investment Management (Caribbean) Limited	63
RBC Merchant Bank (Caribbean) Limited	76
RBC Trust (Trinidad & Tobago) Limited	102

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After 115 years in the Caribbean, we're still committed to listening, so we can truly understand all the aspects of your life. We are a bank for all of you, helping to guide you through whatever life may bring.

Find out more at rbc.com/caribbean/allofyou

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Financial
Caribbean

Consolidated Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

Chief Executive Officer's Report

RBC Financial (Caribbean) Limited ("the Company") realised after tax net income of $1,165.6 million for the fiscal year ended October 31, 2024, up $91.1 million from the prior year net income of $1,074.5 million.

In fiscal year 2024, the Company realized higher revenue of $177.6 million. This was driven by higher interest rates on the securities portfolio, higher loan volumes across the region with fee income relatively stable year over year, mainly from transactional volumes as there were no fee increases in the past year. The results were partly offset by a higher cost of funds given changes in the underlying interest rate environment. Net provisions for credit losses have increased over 2023 but are still in a net credit position as the prior year included a higher release of provisions. The operating costs of the Company are marginally up year-on-year as inflationary pressures were countered by management actions to drive efficiencies and lower costs. With the strong revenue growth and relatively stable expense profile, the efficiency ratio improved to 57.7% from 60.9% in the prior year.

The Company's total assets were $63.6 billion and are lower year over year driven by management's actions to repay an intragroup funding line of $2.8 billion and a share capital repatriation of $1.3 billion. Despite the lower total assets, loans increased $2.3 billion whilst deposits are up $783.8 million year-over-year. Notwithstanding the share capital repatriation, our regulatory capital ratio at year end was at 26.59% compared to 27.30% in fiscal 2023, which is well above regulatory requirements.

The Company continues to invest in the operational soundness of the business to provide clients with peace of mind, ensuring their banking and personal information are secure and they can conduct financial transactions when they need to and how they choose to. With the launch of our new "Bank for All of You" brand campaign we reaffirmed our commitment to continually strive to make it easier for our clients and simplify how they interact with us.

Our clients' ability to thrive rely on our communities' ability to prosper. RBC's long-term success depends on both. Through our local partnerships, donations and employee initiatives, RBC is committed to building vibrant, socially inclusive and sustainable communities.

Consequently, in 2024, we invested in many initiatives and programs across the Caribbean that bring to life our commitment to create positive opportunities for our youth, our under-represented groups, and to support community ideas that help seed, scale and sustain solutions. In keeping with such, we relaunched the award-winning Young Leaders program in Trinidad & Tobago reinforcing our commitment to help shape the next generation of leaders and mould a stronger Caribbean. RBC also hosted our annual RBC Race for the Kids, raising funds for our Children's Cancer Fund. Pan-Caribbean beach cleanups featured in eight of the ten Caribbean markets in which we operate. Together with 750 employees and their family members we collected nine tons of beach waste and debris during the initiative. We also constructed our first-ever solar carport in The Bahamas, to do our part to advance net-zero leadership via our operations.

Alongside these initiatives and investments, I am most proud of our colleagues who are making a positive impact in the places where they live and work. Their generosity of spirit highlights the purposeful and passionate people that want to make an impact every day for our clients and communities.

On behalf of the Board of Directors and executive team of RBC, I would like to thank our clients for their continued confidence and loyalty in our brand. I would also like to thank our employees, who continue to be the driving force behind all our successes. We remain steadfast in our commitment to delivering excellence as we help our clients thrive and our communities prosper.

Darryl White
Chief Executive Officer, RBCFCL
January 25, 2025

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of RBC Financial (Caribbean) Limited and its subsidiaries (The Group) which comprise the consolidated statement of financial position as at October 31, 2024 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;
- Ensuring that The Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that The Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Chief Executive Officer, RBCFCL January 23, 2025	Chief Financial Officer, RBCFCL January 23, 2025

Independent Auditor's Report

To the shareholder of RBC Financial (Caribbean) Limited

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of RBC Financial (Caribbean) Limited (the Company) and its subsidiaries (together 'the Group') as at October 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at October 31, 2024;
- the consolidated statement of income for the year then ended;
- The consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and

the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Chief Executive Officer's report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Auditor's responsibilities for the audit of the consolidated financial statements (continued)
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

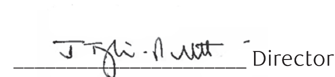
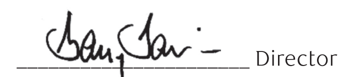
PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
January 24, 2025

Consolidated Statement of Financial Position

	Note	October 31, 2024 ($'000)	October 31, 2023 ($'000)
Assets			
Cash and short term instruments	3	8,666,425	6,841,132
Balances with central banks	4	9,365,610	9,970,418
Loans	6	30,083,824	27,728,947
Securities	7	8,432,754	14,480,152
Investment in associate companies and joint venture	8	296,425	282,436
Due from associates and affiliated companies	33	717,907	692,878
Intangible assets	9	139,434	165,054
Goodwill	10	4,361,852	4,361,852
Premises and equipment	11	732,774	726,415
Corporation tax recoverable		101,676	127,916
Deferred tax assets	12	184,828	180,619
Other assets	13	514,517	506,366
Assets classified as held for sale	14	-	1,840
		63,598,026	66,066,025
Liabilities			
Due to banks		67,753	211,199
Customers' deposits	15	46,531,097	45,747,329
Other funding instruments	16	8,479	8,610
Other borrowed funds	17	-	215
Due to associates and affiliated companies	33	1,002,188	3,852,345
Post-retirement benefit obligations	18	341,053	351,307
Current income tax liabilities		105,931	118,242
Deferred tax liabilities	12	53,260	44,394
Other liabilities	19	1,362,618	1,449,399
Total liabilities		49,472,379	51,783,040
Equity			
Stated capital	20	10,709,490	12,065,350
Statutory reserves	21	1,400,137	1,349,543
Other components of equity	22	389,296	334,704
Retained Earnings		1,626,724	533,388
Total equity		14,125,647	14,282,985
Total equity and liabilities		63,598,026	66,066,025

The accompanying notes form an integral part of these Consolidated Financial Statements.

On January 23, 2025, the Board of Directors of RBC Financial (Caribbean) Limited authorised these Consolidated Financial Statements for issue.

 Director  Director

Consolidated Statement of Income

	Note	Year ended October 31 2024 ($'000)	2023 ($'000)
Interest income	23	2,536,006	2,297,243
Interest expense	24	(272,883)	(188,729)
Net interest income		2,263,123	2,108,514
Non-interest income	25	1,077,686	1,054,648
Total revenue		3,340,809	3,163,162
Non-interest expenses	26	(1,930,012)	(1,927,852)
(Provision for)/ release of credit losses on off balance sheet items		(1,333)	453
(Provision for)/ release of credit losses on loans	6.1	(32,347)	13,061
Release of credit losses on securities		47,589	90,216
Total non-interest expenses		(1,916,103)	(1,824,122)
Share of profit of associate companies	8.1	14,205	7,603
Share of profit of joint venture	8.3	14,689	6,988
Net income before taxation		1,453,600	1,353,631
Taxation expense	28	(288,016)	(279,168)
Net income after taxation		1,165,584	1,074,463

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Other Comprehensive Income

	Note	Year ended October 31 2024 ($'000)	2023 ($'000)
Net income		1,165,584	1,074,463
Other comprehensive income/(loss), net of taxes:			
Items that may be reclassified subsequently to profit or loss:			
Net unrealized gains/ (losses) on securities at fair value through other comprehensive income		32,538	(24,025)
Tax impact		365	1,206
		32,903	(22,819)
Exchange differences on translating foreign operations	22.2	(619)	(3,596)
		32,284	(26,415)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-retirement benefit obligations	18.4	143	14,078
Net unrealized gains on equity securities at fair value through other comprehensive income		1,259	563
Tax impact		(748)	(3,796)
		654	10,845
Other comprehensive income/ (loss) for the year, net of taxes		32,938	(15,570)
Total comprehensive income for the year		1,198,522	1,058,893

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Notes	Stated capital ($'000) (Note 20)	Statutory reserves ($'000) (Note 21)	Other components of equity ($'000) (Note 22)	Retained Earnings ($'000)	Total Equity ($'000)
Balance at October 31, 2023		12,065,350	1,349,543	334,704	533,388	14,282,985
Other comprehensive income		-	-	32,866	72	32,938
Net income attributable to shareholders		-	-	-	1,165,584	1,165,584
Total comprehensive income		-	-	32,866	1,165,656	1,198,522
Transfer to statutory reserves	21	-	50,594	-	(50,594)	-
Transfer from general banking risks reserve	22.4	-	-	21,726	(21,726)	-
Capital repatriation	20.1	(1,355,860)	-	-	-	(1,355,860)
Balance at October 31, 2024		10,709,490	1,400,137	389,296	1,626,724	14,125,647
Balance at October 31, 2022		12,065,350	1,297,189	339,605	(478,052)	13,224,092
Other comprehensive (loss) / income		-	-	(25,561)	9,991	(15,570)
Net income attributable to shareholders		-	-	-	1,074,463	1,074,463
Total comprehensive (loss) / income		-	-	(25,561)	1,084,454	1,058,893
Transfer to statutory reserves	21	-	52,354	-	(52,354)	-
Transfer from general banking risks reserve	22.4	-	-	11,378	(11,378)	-
Other reserve movements	22.2	-	-	9,282	(9,282)	-
Balance at October 31, 2023		12,065,350	1,349,543	334,704	533,388	14,282,985

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	Note	2024 ($'000)	2023 ($'000)
Net income before taxation		1,453,600	1,353,631
Adjustments for:			
Release of credit losses		(13,909)	(103,730)
Post-retirement benefit expense		24,036	25,653
Net investment trading loss		(6,290)	(253)
Depreciation and amortization of premises and equipment and intangible assets		172,183	208,425
Impairment of intangible assets		8,696	-
Loss on disposal of premises and equipment and intangible assets		496	2,848
Share of profit of associate companies and joint venture		(28,891)	(14,591)
Unrealised gains on securities		(178)	(68)
Accretion on securities		(233,088)	(166,147)
Operating income before changes in operating assets and liabilities		1,376,655	1,305,768
(Increase)/ decrease in operating assets:			
Balances with central banks		809,058	(54,129)
Loans		(2,387,224)	(1,858,163)
Due from associates and affiliated companies		(25,029)	347,148
Other assets		(8,151)	1,525
Increase/ (decrease) in operating liabilities:			
Due to banks		(143,446)	(257,003)
Customers' deposits		783,768	56,210
Other funding instruments		(131)	(10,940)
Due to associates and affiliated companies		(2,850,157)	(162,146)
Other liabilities		(92,995)	33,541
Pension contributions paid		(931)	(789)
Taxes paid		(262,919)	(216,265)
Cash used in operating activities		(2,801,502)	(815,243)
Investing activities			
Purchase of securities		(11,595,800)	(16,821,325)
Proceeds from sale and redemption of securities		17,964,140	17,271,956
Dividends received from associate companies and joint venture		8,228	5,050
Additions to premises and equipment and intangible assets		(129,737)	(115,738)
Proceeds from sale of premises and equipment		1,992	21,903
Cash provided by investing activities		6,248,823	361,846
Financing activities			
Payments on other borrowed funds		(215)	(516)
Capital repatriation	20.1	(1,355,860)	-
Repayment of debt securities in issue		-	(300,000)
Principal elements of lease payments		(60,815)	(58,655)
Cash used in financing activities		(1,416,890)	(359,171)
Net increase/ (decrease) in cash and cash equivalents		2,030,431	(812,568)
Cash and cash equivalents at beginning of year		12,439,845	13,255,540
Effects of exchange rate changes on cash and cash equivalents		(888)	(3,127)
Cash and cash equivalents at end of year	5	14,469,388	12,439,845
Interest received		2,536,559	2,265,485
Interest paid		254,452	188,340

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

1 Incorporation and business activities of The Group

RBC Financial (Caribbean) Limited (the "Company") is incorporated in Trinidad and Tobago. It is a wholly owned subsidiary of RBC Holdings (Barbados) Ltd. which is incorporated in Barbados. The ultimate parent company is the Royal Bank of Canada, which is incorporated and domiciled in Canada. The Royal Bank of Canada's common shares are listed on the Toronto Stock Exchange and New York Stock Exchange with the ticker symbol RY.

RBC Financial (Caribbean) Limited and its subsidiaries and associate companies (the "Group") provide diversified financial services including personal and commercial banking, wealth management, financial intermediation services, stock-broking services and property development. Details of the principal subsidiaries are set out in Note 37. The address of the Company's registered office is 7-9 St. Clair Avenue, St. Clair, Port-of-Spain, Trinidad.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these Consolidated Financial Statements are summarized below. These accounting policies conform, in all material respects, to IFRS. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

Basis of preparation

Statement of compliance

The Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The Consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- Post-retirement benefit obligation measured at fair value

Basis of measurement

The Consolidated Financial Statements are prepared in Trinidad and Tobago dollars.

These Consolidated Financial Statements include the assets and liabilities and results of operations of the parent company, RBC Financial (Caribbean) Limited and its subsidiaries and associate companies after elimination of intercompany transactions, balances, revenue and expenses.

Use of estimates and assumptions

In preparing our Consolidated Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities, pensions and other post-employment benefits, income taxes, goodwill and other intangible assets, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Consolidated Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgements

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

• Leases	Note 2
• Revenue recognition	Note 2, Note 25
• Fair value of financial instruments	Note 2, Note 35
• Allowance for credit losses	Note 2, Note 6, Note 7
• Employee benefits	Note 2, Note 18
• Share–based compensation	Note 2, Note 27
• Goodwill and other intangibles	Note 2, Note 9, Note 10
• Application of the effective interest method	Note 2

2 Summary of material accounting policies, estimates and judgements (continued)

Significant judgements (continued)

- Derecognition of financial assets — Note 2
- Income taxes — Note 2, Note 12
- Litigation provisions — Note 2, Note 30

Basis of consolidation

Our Consolidated Financial Statements include the assets and liabilities and results of operations of the parent company, RBC Financial (Caribbean) Limited and its subsidiaries and associate companies after elimination of intercompany transactions, balances, revenues and expenses.

Consolidation

Subsidiaries are those entities over which we have control. We control an entity when we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power over the investee. We have power over an entity when we have existing rights that give us the current ability to direct the activities that most significantly affect the entity's returns (relevant activities). Power may be determined based on voting rights or, in the case of structured entities, other contractual arrangements.

We are not deemed to control an entity when we exercise power over an entity as the agent of a third party or parties. In determining whether we are acting as an agent, we consider the overall relationship between us, the investee and other parties to the arrangement with respect to the following factors: (i) the scope of our decision making power; (ii) the rights held by other parties; (iii) the remuneration to which we are entitled; and (iv) our exposure to variability of returns.

The determination of control is based on the current facts and circumstances and is continuously assessed. In some circumstances, different factors and conditions may indicate that various parties control an entity depending on whether those factors and conditions are assessed in isolation or in totality. Significant judgement is applied in assessing the relevant factors and conditions in totality when determining whether we control an entity. Specifically, judgement is applied in assessing whether we have substantive decision-making rights over the relevant activities and whether we are exercising our power as a principal or an agent.

We consolidate all subsidiaries from the date control is transferred to us and cease consolidation when an entity is no longer controlled by us. Our consolidation conclusions affect the classification and amount of assets, liabilities, revenues and expenses reported in our Consolidated Statement of Financial Position.

Investments in associates and joint ventures

Our investments in associated corporations over which we have significant influence are accounted for using the equity method. The equity method is also applied to our interests in joint ventures over which we have joint control. Under the equity method of accounting, investments are initially recorded at cost, and the carrying amount is increased or decreased to recognize our share of the investee's net profit or loss, including net profit or loss recognized in other comprehensive income, subsequent to the date of acquisition.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale, and it is highly probable to occur within one year. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell and are presented separately from other assets in our Consolidated Statement of Financial Position.

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

Changes in accounting policies

IFRS 17 Insurance Contracts (IFRS 17)

In May 2017, the IASB issued IFRS 17 to establish a comprehensive insurance standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held and will replace the existing IFRS 4 Insurance Contracts (IFRS 4). In June 2020, the IASB issued amendments to IFRS 17, including deferral of the effective date by two years. This new standard was effective for us on November 1, 2023 and will be applied retrospectively with comparatives restated beginning November 1, 2022.

Under IFRS 17, insurance contracts are contracts under which we accept significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Embedded derivatives, investment components and promises to provide non-insurance services, provided specific criteria are met, are separated from the measurement of insurance and reinsurance contracts. Insurance and reinsurance contracts are aggregated into portfolios that are subject to similar risks and are managed together, and then divided into groups based on the period of issuance and expected profitability. However, based on RBC Financial (Caribbean) Limited's assessment, there was a nil impact to the books.

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 classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for us on November 1, 2026. We are currently assessing the impact of adopting the Amendments on our Consolidated 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 Consolidated Statements of Income, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for us on November 1, 2027. We are currently assessing the impact of adopting this standard on our Consolidated Financial Statements.

Amendments to Disclosure of Accounting Policies

The IASB issued *Disclosure of Accounting Policies* which amended IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* (the Amendment). The Amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The Amendment was effective for us on November 1, 2023. The adoption of this Amendment did not have a material impact on our Consolidated Financial Statements.

Other material accounting policies

The following accounting policies are applicable to all periods presented:

Classification of financial assets

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

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

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

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

Business model assessment

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

- How the economic activities of the businesses generate benefits, for example through trading revenue,
- Enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 35, and the activities taken to manage those risks;
- Historical and future expectations of sales of the loans and securities managed as part of a business model; and
- The compensation structures for managers of the businesses within The Group, to the extent that these are directly linked to the economic performance of the business model.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Business model assessment (continued)

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

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

SPPI assessment

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

Securities

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

Investment securities include all securities classified as FVOCI and amortized cost.

Investment securities carried at amortized cost are measured using the effective interest rate method, and are presented net of any allowance for credit losses, calculated in accordance with The Group's policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in net interest income. Impairment gains or losses recognized on amortized cost securities are recorded in provision for credit losses. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of sale is recorded as a net gain (loss) on investment securities in non-interest income.

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

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

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

Purchased or Originated Credit Impaired (POCI) securities are already impaired at the time they are purchased or originated. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired will come from observable data about any impairment event as detailed in the allowance for credit losses accounting policy. POCI securities are initially recognized at fair value. The effective interest rate is the yield implied by the credit-adjusted cash flows.

Assets purchased under reverse repurchase agreements

We purchase securities under agreements to resell (reverse repurchase agreements) and take possession of these securities. The market value of the securities purchased and additional collateral is monitored and obtained when appropriate. We have the right to liquidate the collateral held in the event of counterparty default. Reverse repurchase agreements are treated as collateralized lending transactions. The securities received under reverse repurchase agreements are not recognized on the Consolidated Statement of Financial Position, unless the risks and rewards of ownership are obtained. Reverse repurchase agreements are carried on the Consolidated Statement of Financial Position at the amounts at which the securities were initially acquired. Interest earned on reverse repurchase agreements is included in interest income, in the Consolidated Statement of Income.

Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing related gains and losses on a different basis (an "accounting mismatch").

The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category subsequently. Financial assets designated as FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in non-interest income.

Financial liabilities designated as FVTPL are initially recorded at fair value and fair value changes attributable to changes in our own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in our own credit risk are recorded in Non-interest income. Upon initial recognition, if we determine that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in our debt designated as at FVTPL is recognized in net income. To make that determination, we assess whether we expect that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument. The determination is made at initial recognition and is not reassessed.

To determine the fair value adjustments on our financial liabilities designated as at FVTPL, we calculate the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Derivatives

Derivatives are primarily used in trading activities. Derivatives are also used to manage our exposure to interest, currency, credit and other market risks. The most frequently used derivative products are interest rate and foreign exchange swaps, options, futures, and forward rate agreements, equity swaps and credit derivatives. All derivative instruments are initially recorded on our Consolidated Statement of Financial Position at fair value.

When derivatives are embedded in other financial instruments or host contracts, such combinations are known as hybrid instruments. Some of the cash flows of a hybrid instrument vary in a way similar to a stand-alone derivative. If the host contract is a financial asset within the scope of IFRS 9, the classification and measurement criteria are applied to the entire hybrid instrument as described in the Classification of financial assets section of Note 2. If the host contract is a financial liability or an asset that is not within the scope of IFRS 9, embedded derivatives are separately recognized if the economic characteristics and risks of the embedded derivative are not clearly and closely related to the host contract, unless an election has been made to apply the fair value option, as described above. The host contract is accounted for in accordance with the relevant standards. When derivatives are used in trading activities, the realized and unrealized gains and losses on these derivatives are recognized in Non-interest income. Derivatives with positive fair values are presented as Derivative assets and derivatives with negative fair values are reported as Derivative liabilities. In accordance with our policy for offsetting financial assets and financial liabilities, the net fair value of certain derivative assets and liabilities are reported as an asset or liability, as appropriate. Valuation adjustments are included in the fair value of Derivative assets and Derivative liabilities. Premiums paid and premiums received are part of Derivative assets and Derivative liabilities, respectively.

Loans

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

Interest on loans is recognized in Interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into Non-interest income over the commitment or standby period. Prepayment fees on mortgage loans are

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Loans (continued)

not included as part of the effective interest rate at origination. If prepayment fees are received on a renewal of a mortgage loan, the fee is included as part of the effective interest rate; and if not renewed, the prepayment fee is recognized in interest income at the prepayment date.

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

Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, securities, interest-bearing deposits with banks and accounts receivable. ACL on financial assets is disclosed in the notes to the consolidated financial statements. Provision for credit losses (PCL) on debt securities measured at FVOCI is booked to the Consolidated Statement of Other Comprehensive Income and the ACL on debt securities measured at FVOCI is presented in other components of equity on the Consolidated Statement of Financial Position. Financial assets carried at amortized cost are presented net of ACL on the Consolidated Statement of Financial Position. PCL on amortized cost instruments are recognized directly in the Consolidated Statement of Income.

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

We measure the ACL at each Statement of Financial Position date according to a three-stage expected credit loss impairment model:

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

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in provision for credit losses. Write-off and recoveries are recorded against allowance for credit losses.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the Statement of Financial Position date. Judgement is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the allowances from period to period that significantly affects the results of operations.

Measurement of expected credit losses

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

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

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

Expected life

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

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption are credit cards balances. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgement.

Assessment of significant increase in credit risk

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

Our assessment of significant increases in credit risk remains largely the same and is based on factors such as delinquency status and whether or not the account is watch-listed and managed by the special loans group.

If any of the following conditions is met, the instrument is moved from Stage 1 to Stage 2:

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

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

Use of forward-looking information

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

Further details on our forward looking assumptions and scenarios as at October 31, 2024 are provided in Note 6.1.

Scenario design

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers five distinct future macroeconomic scenarios. Scenarios and scenario weights are set at the Enterprise level; considering the RBC baseline forecast and reasonable downside and upside assumptions. Scenarios are global in nature and include predictions of macroeconomic conditions in North America, Europe and the Caribbean. Having scenarios and scenario weights set at the enterprise level allows RBC to have a consistent view of macroeconomic scenarios across business lines and legal entities.

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

Definition of default

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. Our definition of default may differ across products and consider both quantitative and qualitative factors, such as the terms of financial covenants and days past due. For retail and wholesale borrowers, except as detailed below, default occurs when the borrower is 90 days or more past due on any material obligation to us, and/or we consider the borrower unlikely to make their payments in full without recourse action on our part, such as taking formal possession of any collateral held. For certain credit card balances, default occurs when payments are 180 days past due. For these balances, the use of a period in excess of 90 days past due is reasonable and supported by the performance experienced on historical credit card portfolios.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Definition of default (continued)

The definition of default used is applied consistently from period to period and to all financial instruments unless it can be demonstrated that circumstances have changed such that another definition of default is more appropriate.

Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each Statement of Financial Position date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, which could occur during the same reporting period as the migration from Stage 3 to Stage 2.

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, the accrual is calculated by applying the effective interest rate to the carrying amount, which is recorded on the Consolidated Statement of Financial Position. The discount resulting from the impact of time delays in collecting principal (time value of money) is established and recorded through provision for credit losses.

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

Individually assessed loans (Stage 3)

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

Individually assessed allowances are established in consideration of a range of possible outcomes, to the extent relevant to the circumstances of the specific borrower being assessed. Assumptions used in estimating expected future cash flows reflect current and expected future economic conditions based on expert credit judgement.

Significant judgement is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Collectively assessed loans (Stage 3)

Loans that are collectively assessed are grouped on the basis of similar risk characteristics, taking into account loan type, geographic location, collateral type, past due status and other relevant factors.

The collectively assessed ACL reflects: (i) the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and (ii) the impact of time delays in collecting principal and /or interest (time value of money).

The expected amount of principal and interest that will be collected is estimated on a loan-by-loan basis and references historical loss experience of comparable portfolios with similar credit risk characteristics, adjusted for the current environment and expected future conditions. A portfolio-specific coverage ratio is applied against the impaired loan balance in determining the collectively assessed ACL. The time value of money component is calculated using discount factors that represent the expected recovery pattern of the comparable groups of loans. The discount factors reflect the historical experience of these groups adjusted for current and expected future economic conditions and/or industry factors. Significant judgement is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Write-off of loans

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

Modifications

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

A modified financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. A modified financial asset will migrate out of Stage 3 if the conditions that led to it being identified as credit-impaired are no longer present and relate objectively to an event occurring after the original credit-impairment was recognized. A modified financial asset will migrate out of Stage 2 when it no longer satisfies the relative thresholds set to identify significant increases in credit risk, which are based on changes in days past due and other qualitative considerations.

If a modification of terms does not result in derecognition of the financial asset, the carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate and a gain or loss is recognized only if material. The financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. The financial asset continues to be monitored for significant increases in credit risk and credit-impairment.

If a modification of terms results in derecognition of the original financial asset and recognition of the new financial asset, the new financial asset will generally be recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. For the purposes of assessing for significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

Determination of fair value

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

We have established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or Group Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors. We give priority to those third-party pricing services and prices having the highest and most consistent accuracy. The level of accuracy is determined over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. We have a systematic and consistent approach to control model use. Valuation models are approved for use within our model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and sets parameters for its use. All models are revalidated regularly.

Valuation adjustments are recorded for the credit risk of our derivative portfolios in order to arrive at their fair values. Credit valuation adjustments (CVA) take into account our counterparties' creditworthiness, the current and potential future mark-to-market of the transactions, and the effects of credit mitigants such as master netting and collateral agreements. CVA amounts are derived from estimates of exposure at default, probability of default, recovery rates on a counterparty basis, and market and credit factor correlations. Exposure at default is the amount of expected derivative related assets and liabilities at the time of default, estimated through modeling using underlying risk factors. Probability of default and recovery rate are generally implied from the market

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Determination of fair value (continued)

prices for credit protection and credit ratings of the counterparty or derived from internal estimates when market data is unavailable. Correlation is the statistical measure of how credit and market factors may move in relation to one another. Correlation is estimated using historical data and market data where available. CVA is calculated and changes are recorded in non-interest income.

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 we have 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 are inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value. Where observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgement is required in the determination of the model used, the selection of model inputs, and in some cases, the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market-risk valuation adjustments for such inputs and other model-risk valuation adjustments are assessed in all such instances.

Interest

Interest is recognized in Interest income and Interest expense in the Consolidated Statement of Income for all interest bearing financial instruments using the effective interest method. 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 net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Revenue recognition

Revenue is recognized when control of a service transfers to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognized the revenue as each performance obligation is satisfied.

The Group adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar. The Group reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of The Group's contracts that are identical or have similar contractual terms (for example standardized banking agreements with retail customers), the expedient is applied to many of The Group's current revenue streams.

In addition, The Group does not adjust for the effects of a significant financing component for contracts with a 12 months or less expected time difference between when we transfer the service to the customer and the receipt of the contract consideration.

The Group expenses incremental costs to obtain a contract if the expected amortization period of the asset The Group otherwise would have recognized is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortization, is 12 months or less.

Income which falls under the scope of revenue recognition is not netted off against related expense with the exception of credit card fees and commissions. The Group does not incur material costs to obtain contracts with customers such as sales commissions.

Commissions and fees

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

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

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

Trust and investment management related fees, which includes 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 and are received monthly, quarterly, semi-annually or annually, depending on the terms of the contract. Investment management and custodial fees are generally derived from assets under management (AUM) when our 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. Mutual fund revenue is derived as a percentage of the daily net asset value (NAV) of the mutual funds under management with each mutual fund having a management fee rate based on an approved fee structure. 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.

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

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalized on initial recognition. For financial assets and financial liabilities measured at amortized cost, capitalized transaction costs are amortized through net interest income over the estimated life of the instrument using the effective interest method.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Consolidated Statement of Financial Position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and short term instruments

Cash and short term instruments comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition. Cash and short term instruments with central banks is included within balances with central banks.

Derecognition of financial assets

Financial assets are derecognized from our Consolidated Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred. When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized from our Consolidated Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognize the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows. We derecognize transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in Other assets in our Consolidated

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Derecognition of financial assets (continued)

Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognized in Other liabilities in our Consolidated Statement of Financial Position.

Derecognition of financial liabilities

We derecognize a financial liability from our Consolidated Statement of Financial Position when our obligation specified in the contract expires or is discharged or cancelled. We recognize the difference between the carrying amount of a financial liability transferred and the consideration paid in our Consolidated Statement of Income and Other Comprehensive Income.

Guarantees

Financial guarantee contracts are contracts that contingently require us to make specified payments (in cash, other assets or provision of services) to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Group has equal and offsetting claims against its customers in the event of a call on these commitments.

Employee benefits – Pensions and other post-employment benefits

Our defined benefit pension expense, which is included in Non-interest expense, consists of the cost of employee pension benefits for the current years' 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 liability, 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 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. 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 plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Consolidated Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement 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 our pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality government 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 in the respective countries of our plans, may differ from actual experience as country specific 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 we recognize. Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in Non-interest expense.

Share–based compensation

The Group offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, The Group's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as Non-interest expense in the Consolidated Statements of Income with a corresponding change in Other liabilities. Compensation expense is recognized in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy

Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Consolidated Statement of Income.

Income taxes

Income tax comprises current tax and deferred tax and is recognized in our Consolidated Statement of Income and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Consolidated Statement of Financial Position date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. A deferred income tax asset or liability is determined for each temporary difference, except for earnings related to our subsidiaries, associates and interests in joint ventures where the temporary differences will not reverse in the foreseeable future and we have the ability to control the timing of reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date. Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied. The Consolidated Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carryforwards are included on the Consolidated Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized; this review involves evaluating both positive and negative evidence.

We are subject to income tax laws in various jurisdictions where we operate, and the complex tax laws are potentially subject to different interpretations by the relevant taxation authorities and The Group. Significant judgement is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of our tax positions to determine our tax provision, which includes our best estimate of tax positions that are under audit or appeal by relevant taxation authorities. We perform a review on a quarterly basis to incorporate our best assessment based on information available, but additional liability and income tax expense could result based on decisions made by the relevant tax authorities.

The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Consolidated Statement of Financial Position, and also deferred tax expense in our Consolidated Statements of Income and Other Comprehensive Income.

The Group complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions, contingent liabilities and contingent assets for uncertain tax positions. The Group is subject to income tax laws in various jurisdictions where The Group operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of The Group's tax positions, which includes The Group's best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The Group performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of The Group's tax positions by the relevant taxation authorities.

The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. The amendments introduce, with immediate effect, a temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of the international tax reform. The Group has not applied this exception and has instead amended all deferred taxes with the new rates as applicable. The impact is immaterial to The Group.

Business combinations

All business combinations are accounted for using the acquisition method. Identifiable intangible assets are recognized separately from goodwill and included in Other intangibles. 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 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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Goodwill (continued)

considered to the extent that it is available. Significant judgement is involved in estimating the model inputs used to determine the recoverable amount of our 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 management's forecasts adjusted to approximate the considerations of a prospective third-party buyer. 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 reflect the expected long-term gross domestic product growth and inflation for the countries within which the CGU operates. Changes in these assumptions may affect the amount of 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.

Other intangibles

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination or generated internally. Intangible assets acquired through a business combination are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite-life are amortized on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years; and customer relationships – 7 years. We do not have any intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives. Discount rates are based on the bank-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized in Non-interest expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the Consolidated Statement of Income and Other Comprehensive Income in the period in which they are incurred.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Consolidated Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in non-interest income in the Consolidated Statement of Income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets classified as securities, such as equity instruments, that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Consolidated Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Assets and liabilities of our foreign operations with functional currencies other than Trinidad and Tobago dollars are translated into Trinidad and Tobago dollars at rates prevailing at the Consolidated Statement of Financial Position date, and income and expenses of these foreign operations are translated at average rates of exchange for the reporting period.

Unrealized gains or losses arising as a result of the translation of our foreign operations are reported in other comprehensive income on an after-tax basis. Upon disposal or partial disposal of a foreign operation, a proportionate amount of the accumulated net translation gains or losses is included in Non-interest income.

Premises and equipment

Premises and equipment includes land, buildings, leasehold improvements, computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are:

- 25 to 50 years for freehold properties,
- 5 to 50 years for leasehold properties,
- 3 to 10 years for computer equipment,
- 3 to 15 years for furniture, fixtures and equipment including motor vehicles.
- The amortization period for leasehold improvements is the lesser of the useful life of the leasehold improvements or the lease term plus the first renewal period, if reasonably assured of renewal, up to a maximum of 10 years.
- Land is not depreciated. Gains and losses on disposal are recorded in non–interest income.

Premises and equipment are assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs and test for impairment at the CGU level. An impairment charge is recorded to the extent the recoverable amount of an asset (or CGU), which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset (or CGU). Fair value less costs of disposal is the amount obtainable from the sale of the asset (or CGU) in an orderly transaction between market participants, less costs of disposal.

After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount. Right-of-use assets are also included in premises and equipment.

Leases

At inception of a contract, The Group assesses whether a contract is or contains a lease. A lease is an agreement whereby the lessor conveys to the lessee the right to obtain substantially all of the economic benefits from, and direct the use of, an identified asset for a period of time in return for consideration in the form a payment or series of payments.

When we are the lessee in a lease arrangement, we initially record a right-of-use asset and corresponding lease liability, except for short-term leases and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are unspecialized, common, technologically unsophisticated, widely available, and widely used non-infrastructure assets. For short-term leases and leases of low-value assets, we record the lease payments as an operating expense on a straight-line basis over the lease term.

Where we are reasonably certain to exercise extension and termination options, they are included in the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at our incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method, recorded in interest expense.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Leases (continued)

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for lease payments made on or before the commencement date, initial direct costs incurred, and an estimate of costs to dismantle, remove, or restore the asset, less any lease incentives received. Costs related to dismantling are capitalized as part of the leasehold improvement asset (rather than the right-of-use-asset of the lease) when the leasehold improvements are separately capitalized.

The right-of-use asset is depreciated to the earlier of the lease term and the useful life, unless ownership will transfer to The Group or we are reasonably certain to exercise a purchase option, in which case the useful life of the right-of-use asset is used. The Group applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in the premises and equipment accounting policies in these Consolidated Financial Statements.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when we have 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 judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. We record provisions related to litigation, asset retirement obligations and other items. Provisions are recorded under other liabilities on our Consolidated Statement of Financial Position.

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.

Dividend income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Stated capital

We classify a financial instrument that we issue as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

3 Cash and short term instruments

	2024 ($'000)	2023 ($'000)
Cash on hand	802,174	782,145
Treasury bills	5,433,675	3,309,452
Due from other banks	2,430,576	2,749,535
	8,666,425	6,841,132

Cash on hand represents cash held in tellers' tills, vaults and cash dispensing machines.

Due from other banks are deposits held with other banks on demand or for fixed periods up to three months. Treasury bills have original maturities up to three months.

4 Balances with central banks

	2024 ($'000)	2023 ($'000)
Monetary reserves	3,562,647	4,371,705
Cash balances	4,988,363	4,878,762
Certificates of deposit	814,600	719,951
	9,365,610	9,970,418

Balances with central banks include monetary reserves, which are deposits that are not available for use in The Group's daily operations, cash balances and certificates of deposits held with central banks.

In accordance with the regulations governing banks in the region, The Group's banking subsidiaries in Trinidad and Tobago, Barbados, Dutch Caribbean and the Cayman Islands are required to maintain monetary reserves with their respective central banks which are based on a ratio to customers' deposits and other specified liabilities.

5 Cash and cash equivalents

	2024 ($'000)	2023 ($'000)
Cash and short term instruments (Note 3)	8,666,425	6,841,132
Cash balances at Central Bank (Note 4)	4,988,363	4,878,762
Certificates of deposit at Central Bank (Note 4)	814,600	719,951
	14,469,388	12,439,845

6 Loans

	2024 ($'000)	2023 ($'000)
Retail	3,783,135	3,168,018
Commercial/corporate	17,237,427	15,730,006
Mortgages	9,530,488	9,285,086
Gross loans	30,551,050	28,183,110
Unearned interest	(7,275)	(584)
	30,543,775	28,182,526
Allowance for credit losses (Note 6.1)	(459,951)	(453,579)
	30,083,824	27,728,947
Stage 1	28,653,394	26,627,134
Stage 2	1,162,134	814,667
Stage 3	735,522	741,309
Gross loans	30,551,050	28,183,110
Current	6,241,612	5,223,860
Non-current	24,309,438	22,959,250
	30,551,050	28,183,110

6.1 Allowance for credit losses

	Balance at beginning of period ($'000)	Provision for credit losses ($'000)	Net write-offs ($'000)	Exchange rate and other ($'000)	Balance at end of period ($'000)
For the year ended October 31, 2024					
Retail	46,679	(6,789)	(2,838)	10,767	47,819
Commercial/corporate	289,050	27,160	548	(6,975)	309,783
Mortgages	117,850	11,976	(18,194)	(9,283)	102,349
	453,579	32,347	(20,484)	(5,491)	459,951
Undrawn loan commitments	21,520	565	-	-	22,085
For the year ended October 31, 2023					
Retail	45,471	1,920	(3,816)	3,104	46,679
Commercial/corporate	328,705	(24,474)	(5,550)	(9,631)	289,050
Mortgages	120,491	9,493	(1,485)	(10,649)	117,850
	494,667	(13,061)	(10,851)	(17,176)	453,579
Undrawn loan commitments	19,244	2,276	-	-	21,520

The following tables reconcile the opening and closing allowance for credit losses for loans and commitments, by stage.

Reconciling items include the following:

- Model Changes reflects the impact of updates during the year to the models used to derive an estimate of credit losses. There were no updates to the existing models during the reporting period or the prior period.
- Transfers between stages, which are presumed to occur before any corresponding remeasurements.
- Purchases and originations, which reflect the newly recognized assets and the related allowance during the period.
- Derecognitions and maturities, which reflect the assets and related allowance derecognized during the period without a credit loss being incurred.
- Remeasurements for allowances, which comprise of the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time. For gross carrying amounts, this represents additional draws, repayments, and the accrual of interest under the effective interest method.

6 Loans (continued)

6.1 Allowance for credit losses (continued)

- Write-offs represent the closure/ elimination of a loan balance when there is no realistic prospect of recovery.
- Recoveries are the collection of cash or cash equivalents for a loan balance previously written-off.
- Exchange rate and other. This category includes the unwinding of the impact of time delays in collecting principal and/or interest (time value of money).

	Allowance for Credit Losses ($'000)			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
For the year ended October 31, 2024				
Retail				
Balance at beginning of period	13,740	8,846	24,093	46,679
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	2,664	(2,246)	(418)	-
Transfers in (out) to Stage 2	(195)	1,729	(1,534)	-
Transfers in (out) to Stage 3	(101)	(823)	924	-
Purchases and originations	4,807	-	-	4,807
Derecognitions and maturities	(1,527)	(926)	(4,232)	(6,685)
Remeasurements	(3,640)	2,396	(3,667)	(4,911)
Write-offs	-	-	(24,208)	(24,208)
Recoveries	-	-	21,370	21,370
Exchange rate and other	(1)	-	10,768	10,767
Balance at end of period	15,747	8,976	23,096	47,819
Commercial/corporate				
Balance at beginning of period	85,138	22,986	180,926	289,050
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	5,322	(4,833)	(489)	-
Transfers in (out) to Stage 2	(2,531)	3,959	(1,428)	-
Transfers in (out) to Stage 3	(526)	(3,569)	4,095	-
Purchases and originations	17,769	-	-	17,769
Derecognitions and maturities	(7,182)	(2,744)	(30,363)	(40,289)
Remeasurements	(14,039)	27,613	36,106	49,680
Write-offs	-	-	(11,873)	(11,873)
Recoveries	-	-	12,421	12,421
Exchange rate and other	(3)	(1)	(6,971)	(6,975)
Balance at end of period	83,948	43,411	182,424	309,783
Mortgages				
Balance at beginning of period	16,261	21,963	79,626	117,850
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	6,886	(6,886)	-	-
Transfers in (out) to Stage 2	(212)	10,396	(10,184)	-
Transfers in (out) to Stage 3	(73)	(3,027)	3,100	-
Purchases and originations	2,788	-	-	2,788
Derecognitions and maturities	(1,245)	(1,913)	(15,099)	(18,257)
Remeasurements	(7,839)	(2,392)	37,676	27,445
Write-offs	-	-	(21,411)	(21,411)
Recoveries	-	-	3,217	3,217
Exchange rate and other	(1)	(2)	(9,280)	(9,283)
Balance at end of period	16,565	18,139	67,645	102,349
Total				
Balance at beginning of period	115,139	53,795	284,645	453,579
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	14,872	(13,965)	(907)	-
Transfers in (out) to Stage 2	(2,938)	16,084	(13,146)	-
Transfers in (out) to Stage 3	(700)	(7,419)	8,119	-
Purchases and originations	25,364	-	-	25,364
Derecognitions and maturities	(9,954)	(5,583)	(49,694)	(65,231)
Remeasurements	(25,518)	27,617	70,115	72,214
Write-offs	-	-	(57,492)	(57,492)
Recoveries	-	-	37,008	37,008
Exchange rate and other	(5)	(3)	(5,483)	(5,491)
Balance at end of period	116,260	70,526	273,165	459,951

	Allowance for Credit Losses ($'000)			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
For the year ended October 31, 2023				
Retail				
Balance at beginning of period	13,132	7,708	24,631	45,471
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	2,061	(1,691)	(370)	-
Transfers in (out) to Stage 2	(183)	1,669	(1,486)	-
Transfers in (out) to Stage 3	(70)	(979)	1,049	-
Purchases and originations	3,840	-	-	3,840
Derecognitions and maturities	(1,479)	(849)	(6,733)	(9,061)
Remeasurements	(3,561)	2,988	7,714	7,141
Write-offs	-	-	(27,930)	(27,930)
Recoveries	-	-	24,114	24,114
Exchange rate and other	-	-	3,104	3,104
Balance at end of period	13,740	8,846	24,093	46,679
Commercial/corporate				
Balance at beginning of period	79,094	27,536	222,075	328,705
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	6,516	(5,606)	(910)	-
Transfers in (out) to Stage 2	(1,096)	3,348	(2,252)	-
Transfers in (out) to Stage 3	(141)	(3,990)	4,131	-
Purchases and originations	20,399	-	-	20,399
Derecognitions and maturities	(7,284)	(7,512)	(29,007)	(43,803)
Remeasurements	(12,331)	9,227	2,034	(1,070)
Write-offs	-	-	(10,738)	(10,738)
Recoveries	-	-	5,188	5,188
Exchange rate and other	(19)	(17)	(9,595)	(9,631)
Balance at end of period	85,138	22,986	180,926	289,050
Mortgages				
Balance at beginning of period	15,495	26,392	78,604	120,491
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	8,152	(8,152)	-	-
Transfers in (out) to Stage 2	(300)	9,247	(8,947)	-
Transfers in (out) to Stage 3	(79)	(3,366)	3,445	-
Purchases and originations	3,509	-	-	3,509
Derecognitions and maturities	(1,250)	(2,098)	(11,755)	(15,103)
Remeasurements	(9,266)	(60)	30,413	21,087
Write-offs	-	-	(5,253)	(5,253)
Recoveries	-	-	3,768	3,768
Exchange rate and other	-	-	(10,649)	(10,649)
Balance at end of period	16,261	21,963	79,626	117,850
Total				
Balance at beginning of period	107,721	61,636	325,310	494,667
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	16,729	(15,449)	(1,280)	-
Transfers in (out) to Stage 2	(1,579)	14,264	(12,685)	-
Transfers in (out) to Stage 3	(290)	(8,335)	8,625	-
Purchases and originations	27,748	-	-	27,748
Derecognitions and maturities	(10,013)	(10,459)	(47,495)	(67,967)
Remeasurements	(25,158)	12,155	40,161	27,158
Write-offs	-	-	(43,921)	(43,921)
Recoveries	-	-	33,070	33,070
Exchange rate and other	(19)	(17)	(17,140)	(17,176)
Balance at end of period	115,139	53,795	284,645	453,579

Based on our collections policies, substantially all of the amounts written off during the period are still subject to enforcement activities at year end.

6 Loans (continued)

6.1 Allowance for credit losses (continued)

Key inputs and assumptions:

The measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions. The key drivers of changes in expected losses under the IFRS 9 model include our internal historical default rates, changes in credit quality, real GDP growth rates and non-energy GDP (for Trinidad and Tobago entities).

Our base scenario considers the existing economic conditions in the Caribbean and the moderating of real GDP growth rates in 2024-2026 as the economies revert to their steady state. The downside scenarios consider potential recessions with different levels of severity. The upside scenario reflects slightly stronger economic growth than the base scenario.

In arriving at the real and non-energy GDP growth rates, we incorporate external agencies such as IMF and Central Banks projections as well as the actual historic results of GDP growth in the Caribbean.

To assess the reasonableness of our GDP rates, if we amended Year 1 of the calendar quarter forecast of relevant GDP growth rates per territory used in the base case model to estimate the allowance for credit losses, the base case allowance for credit losses will move as follows:

- A 100 basis points increase will lower the allowance for credit losses by $8.4 million (2023 - $9.0 million).
- A 100 basis points decrease will increase the allowance for credit losses by $11.0 million (2023 - $11.4 million).

Further details on the key inputs and assumptions used as at October 31, 2024 are provided in Note 2 and Note 6.2.

The following table compares our probability-weighted estimate of expected credit losses for performing loans to expected credit losses estimated in our base case scenario. Results reflect the Stage 1 and Stage 2 allowance for credit losses.

	Carrying value ($'000)	Base Scenario ($'000)
As at October 31, 2024		
ACL on performing loans [1]	186,786	157,361
As at October 31, 2023		
ACL on performing loans [1]	168,934	138,033

[1] Represents Stage 1 and Stage 2 ACL on loans, acceptances, and commitments.

Transfers between stages

The following table illustrates the impact of staging on our ACL by comparing our allowance if all performing loans were in Stage 1 to the actual ACL recorded on these assets.

	As at October 31, 2024 ($'000)	As at October 31, 2023 ($'000)
Performing loans [1]		
ACL - all performing loans in Stage 1	120,158	118,011
Impact of staging	66,628	50,923
Stage 1 and 2 ACL	186,786	168,934

[1] Represents loans, acceptances and commitments in Stage 1 and Stage 2.

Staging is based on 30 days past due, centrally managed accounts, retail loans receiving business as usual deferrals granted by our collections team, loans of clients who had a prior default during the last three years and increases in probability of default at the loan level.

6.2 Loan modifications

Relief provided to clients has been on a case by case basis as requested by the client. In some cases, the original terms of the associated loans are renegotiated or otherwise modified, resulting in changes to the contractual terms of the loans that affect the contractual cash flows. The terms were not substantially different and as such the original loans were not derecognised. For the year ended October 31, 2024, the amortized cost of Stage 2 and Stage 3 loans whose contractual terms were modified was $158 million (2023: $ 965 million), resulting in no material modification gains or losses.

7 Securities

Carrying value of securities

The following table presents the contractual maturities of the carrying values of financial instruments held at the end of the period.

	Term to maturity [1]						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
As at October 31, 2024							
Fair value through profit or loss [2]							
Government and state-owned enterprises debt	-	-	-	3,933	-	-	3,933
Money market funds	-	-	-	-	-	85,233	85,233
	-	-	-	3,933	-	85,233	89,166
Fair value through other comprehensive income							
Treasury bills and treasury notes[3]							
Amortized cost	167,705	33,183	-	-	-	-	200,888
Fair value	167,749	33,187	-	-	-	-	200,936
Government and state-owned enterprises debt[3]							
Amortized cost	-	57,117	226,387	224,093	14,272	-	521,869
Fair value	-	75,334	304,622	299,716	18,137	-	697,809
Equities[4]							
Cost	-	-	-	-	-	4,368	4,368
Fair value	-	-	-	-	-	32,804	32,804
	167,749	108,521	304,622	299,716	18,137	32,804	931,549
Amortized Cost [5]							
Amortized cost	952,488	3,592,212	2,867,339	-	-	-	7,412,039
Fair value	952,575	3,598,226	2,838,545	-	-	-	7,389,346
	952,488	3,592,212	2,867,339	-	-	-	7,412,039
Total carrying value of securities	1,120,237	3,700,733	3,171,961	303,649	18,137	118,037	8,432,754
As at October 31, 2023							
Fair value through profit or loss [2]							
Government and state-owned enterprises debt	-	-	-	4,513	-	-	4,513
Money market funds	-	-	-	-	-	79,085	79,085
	-	-	-	4,513	-	79,085	83,598
Fair value through other comprehensive income							
Treasury bills and treasury notes[3]							
Amortized cost	605,210	986,789	-	-	-	-	1,591,999
Fair value	604,358	984,335	-	-	-	-	1,588,693
Government and state-owned enterprises debt[3]							
Amortized cost	-	57,418	227,211	279,380	20,403	-	584,412
Fair value	-	72,149	287,114	343,730	23,291	-	726,284
Equities[4]							
Cost	-	-	-	-	-	4,367	4,367
Fair value	-	-	-	-	-	32,030	32,030
	604,358	1,056,484	287,114	343,730	23,291	32,030	2,347,007
Amortized Cost [5]							
Amortized cost	3,560,569	6,122,425	2,366,553	-	-	-	12,049,547
Fair value	3,555,214	6,101,940	2,290,475	-	-	-	11,947,629
	3,560,569	6,122,425	2,366,553	-	-	-	12,049,547
Total carrying value of securities	4,164,927	7,178,909	2,653,667	348,243	23,291	111,115	14,480,152

[1] Actual maturities may differ from contractual maturities shown above since borrowers may have the right to extend or prepay obligations with or without penalties.

[2] Trading securities are recorded at fair value.

[3] Debt securities carried at fair value through other comprehensive income are presented net of allowance for credit losses. The fair value of the Government and state-owned enterprises debt include POCI securities where balances reflect changes in the credit risk.

[4] We hold equity securities designated as FVOCI as the investments are not held-for-trading purposes.

[5] Amortized cost securities, included in securities are recorded at amortized cost, and are presented net of allowance for credit losses.

7 Securities (continued)

Carrying value of securities (continued)

Purchased or Originated Credit-Impaired (POCI) Securities

In 2018, the Government of Barbados (GoB) as part of its debt restructuring program offered to exchange the bank's portfolio of existing debt securities for new instruments. The effective date of the debt exchange was October 1, 2018. As a result, the bank had its treasury bills of $1,043 million and bonds of $64 million with an expected credit loss of $195 million converted into Liquidity Reserve Fund Treasury Bills (15%) and Series B bond strips (85%) respectively. There was also a government loan of $37 million with an expected credit loss of $10 million that was exchanged for Series D bond strips.

The debt instruments received comprise Treasury Bills of $165 million, Series B bonds of $941 million, and Series D bonds of $37 million, at nominal value. The classification and measurement of these new securities were assessed under IFRS 9 and evidence of credit impairment was observed. The bonds were considered to be "Purchased Originally as Credit Impaired" (POCI). The Treasury bills and bonds were classified as "Held to Collect and Sell" (HTC&S) and measured at FVOCI.

At the date of exchange the difference between the nominal value and the fair value of the bonds was $343 million. The initial fair value of the securities received in the exchange was based on valuation techniques determined by management using the BVAL US Corp B yield curve. A yield revision was applied in 2020 through 2022 due to the COVID pandemic. In 2023, management reverted to the original 2018 credit spreads based on the overall economic performance of the local market. As at October 2024, management continues to believe that current credit spreads are appropriate under the existing local and global market conditions.

The bonds are revalued on a quarterly basis by management based on the interest free rate and expected credit losses. The changes in fair value due to risk free interest rate are captured in Other Comprehensive Income (OCI) and any changes in expected credit losses are booked to Provision for credit losses (PCL) and OCI.

As at October 31, 2024 the life to date change in fair value due to risk free interest rate is $31 million (2023 - $58 million). The life to date movement attributed to accrued interest was $7 million (2023 - $17 million). As at October 31, 2024 $200 million was recorded as the change in expected credit losses (2023 - $183 million) in the Statement of Income and Other Comprehensive Income.

The bonds are still considered to be POCI, however all scheduled principal and interest payments were received from the government.

During the year, bonds with fair value of $79 million were redeemed as part of a government auction (2023: $70 million).

7.1 Unrealized gains and losses on securities at fair value through other comprehensive income

The following tables present unrealized gains and losses on securities at fair value through other comprehensive income as at the end of the period.

	Cost/ Amortized cost ($'000)	Gross unrealized gains [1] ($'000)	Gross unrealized losses [1] ($'000)	Fair value ($'000)
As at October 31, 2024				
FVOCI				
Treasury bills and treasury notes	200,888	48	-	200,936
Government and state-owned enterprises debt	521,869	175,940	-	697,809
Equities [2]	4,368	28,740	(304)	32,804
	727,125	204,728	(304)	931,549
As at October 31, 2023				
FVOCI				
Treasury bills and treasury notes	1,591,999	-	(3,306)	1,588,693
Government and state-owned enterprises debt	584,412	141,872	-	726,284
Equities [2]	4,367	27,967	(304)	32,030
	2,180,778	169,839	(3,610)	2,347,007

[1] Gross unrealized gains and losses include allowance for credit losses, excluding equities designated as FVOCI.

[2] Unrealized gains and losses on equities will not reclassify to profit and loss when realized.

7.2 Allowance for credit losses on securities

Significant changes in the gross carrying amount of securities at amortized cost that contributed to changes in the allowance include the following:

	2024 ($'000)	2023 ($'000)
Gross exposures		
Stage 1	7,429,345	12,075,402
Stage 2	-	-
Total securities	7,429,345	12,075,402
Less: allowance for credit losses	(17,306)	(25,855)
Securities net of expected credit losses	7,412,039	12,049,547

The following tables reconcile the opening and closing allowance for debt securities at amortized cost and FVOCI by stage. Reconciling items include the following:

- Transfers between stages, which are presumed to occur before any corresponding remeasurement of the allowance.
- Purchases and originations, which reflect the allowance related to assets newly recognized during the period.
- Derecognitions and maturities, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.
- Write-offs represent the closure/ elimination of a security balance when there is no realistic prospect of recovery.

Allowance for credit losses – securities at amortized cost

	Performing		Impaired	
	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
For the year ended October 31, 2024				
Balance at beginning of period	25,855	-	-	25,855
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	18,134	-	-	18,134
Derecognitions and maturities	(2,645)	-	-	(2,645)
Remeasurements	(24,038)	-	-	(24,038)
Write-offs	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	17,306	-	-	17,306
For the year ended October 31, 2023				
Balance at beginning of period	32,121	-	-	32,121
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	37,631	-	-	37,631
Derecognitions and maturities	(2,134)	-	-	(2,134)
Remeasurements	(41,763)	-	-	(41,763)
Write-offs	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	25,855	-	-	25,855

7 Securities (continued)

7.2 **Allowance for credit losses on securities (continued)**

Allowance for credit losses – securities at FVOCI [1]

	Performing Stage 1 ($'000)	Performing Stage 2 ($'000)	Impaired Stage 3 ($'000)	POCI ($'000)	Total ($'000)
For the year ended October 31, 2024					
Balance at beginning of period	4,332	-	-	(184,033)	(179,701)
Provision for credit losses					
Model changes	-	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-	-
Purchases and originations	16,020	-	-	-	16,020
Derecognitions and maturities	(930)	-	-	-	(930)
Remeasurements	(16,545)	-	-	(37,585)	(54,130)
Write-offs	-	-	-	-	-
Remeasurements	-	-	-	20,686	20,686
Exchange rate and other	-	-	-	-	-
Balance at end of period	2,877	-	-	(200,932)	(198,055)
For the year ended October 31, 2023					
Balance at beginning of period	1,738	-	-	(112,564)	(110,826)
Provision for credit losses					
Model changes	-	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-	-
Purchases and originations	7,389	-	-	-	7,389
Derecognitions and maturities	(889)	-	-	-	(889)
Remeasurements	(3,906)	-	-	(81,654)	(85,560)
Write-offs	-	-	-	-	-
Remeasurements	-	-	-	10,235	10,235
Exchange rate and other	-	-	-	(50)	(50)
Balance at end of period	4,332	-	-	(184,033)	(179,701)

[1] Expected credit losses on debt securities at FVOCI are not separately recognized on the Consolidated Statement of Financial Position as the related securities are recorded at fair value. The cumulative amount of credit losses recognized in the Consolidated Statement of Income is presented in other components of equity.

7.3 **Securities at amortised cost**

	2024 ($'000)	2023 ($'000)
Government and state-owned enterprises debt securities	6,498,434	10,713,901
Corporate debt securities	913,605	1,335,646
	7,412,039	12,049,547
Current	4,544,703	9,683,005
Non-current	2,867,336	2,366,542
	7,412,039	12,049,547

7.4 **Movement in securities**

	FVTPL ($'000)	FVOCI ($'000)	Amortised Cost ($'000)	Total ($'000)
As at October 31, 2023	83,598	2,347,007	12,049,547	14,480,152
Additions	-	733,111	10,862,689	11,595,800
Disposal (sale and redemption)	(768)	(2,216,148)	(15,752,543)	(17,969,459)
Gains from changes in fair value	6,290	50,355	-	56,645
Amortization of premium	-	8,962	224,126	233,088
Allowance for credit losses	-	-	8,549	8,549
Foreign exchange adjustment	46	8,262	19,671	27,979
As at October 31, 2024	89,166	931,549	7,412,039	8,432,754
As at October 31, 2022	83,957	1,714,690	12,898,913	14,697,560
Additions	-	2,097,351	14,814,190	16,911,541
Disposal (sale and redemption)	(769)	(1,526,313)	(15,816,164)	(17,343,246)
Gains from changes in fair value	253	46,488	-	46,741
Amortization of premium	-	20,172	145,975	166,147
Allowance for credit losses	-	-	6,266	6,266
Foreign exchange adjustment	157	(5,381)	367	(4,857)
As at October 31, 2023	83,598	2,347,007	12,049,547	14,480,152

8 Investment in associate companies and joint venture

	2024 ($'000)	2023 ($'000)
Associate companies (Note 8.1)	101,873	91,228
Joint venture (Note 8.3)	194,552	191,208
	296,425	282,436

8.1 **Movement of investment in associate companies**

	2024	2023
Balance at beginning of year	91,228	85,398
Share of current period's profits before tax	14,205	7,603
Share of current period's tax (Note 28)	(3,560)	(1,765)
Other adjustments	-	742
Dividends	-	(750)
Balance at end of year	101,873	91,228

8.2 **Associate companies**

The Group's interest in its principal associates, which are unlisted, are as follows:

	Principal activity	Place of incorporation	Percentage of equity capital held 2024	2023
Infolink Services Limited	Clearing facility for electronic funds transfer	Trinidad & Tobago	25.0%	25.0%
Park Court Limited	Real estate	Trinidad & Tobago	20.0%	20.0%
KF Real Estate C.V.	Real estate	Curaçao	33.3%	33.3%

	2024 ($'000)	2023 ($'000)
Infolink Services Limited		
Current assets	192,187	167,112
Non-current assets	41,377	40,059
Current liabilities	(5,457)	(4,860)
Non-current liabilities	(5,706)	(7,089)
Total comprehensive income	27,179	21,510
Reconciliation to the carrying amount recognised in the consolidated financial statements:		
Net assets of associate	222,401	195,222
Proportion of ownership interest	25%	25%
Carrying amount of interest in Infolink Services Limited	55,600	48,806
Park Court Limited		
Current assets	15,352	13,011
Non-current assets	419,923	411,504
Current liabilities	(6,911)	(5,759)
Non-current liabilities	(304,796)	(304,208)
Total comprehensive income	13,165	5,036
Reconciliation to the carrying amount recognised in the consolidated financial statements:		
Net assets of associate	123,568	114,548
Proportion of ownership interest	20%	20%
Other adjustments	2,819	2,208
Carrying amount of interest in Park Court Limited	27,533	25,118
KF Real Estate C.V.		
Current assets	1,334	836
Non-current assets	66,115	61,575
Current liabilities	(6,580)	(2,509)
Non-current liabilities	(4,596)	(7,934)
Total comprehensive income	1,913	795
Reconciliation to the carrying amount recognised in the consolidated financial statements:		
Net assets of associate	56,273	51,968
Proportion of ownership interest	33.3%	33.3%
Other adjustments	1	(1)
Carrying amount of interest in KF Real Estate C.V.	18,740	17,304

8 Investment in associate companies and joint venture (continued)

8.3 Movement in investment in joint venture

	2024 ($'000)	2023 ($'000)
Balance at beginning of year	191,208	190,995
Share of current year's profits, before tax	14,689	6,988
Share of current year's tax (Note 28)	(3,117)	(2,475)
Dividends	(8,228)	(4,300)
Balance at end of year	194,552	191,208

8.4 Interest in joint venture

	Principal activity	Country of incorporation	Percentage of equity capital held
RGM Limited	Real estate development	Republic of Trinidad and Tobago	33.33%

	2024 ($'000)	2023 ($'000)
Current assets	99,668	104,926
Non-current assets	767,337	780,237
Total assets	867,005	885,163
Current liabilities	(32,796)	(38,270)
Non-current liabilities	(252,253)	(272,829)
Total liabilities	(285,049)	(311,099)
Revenue	140,274	137,807
Profit before tax	35,276	25,479
Reconciliation to the carrying amount recognised in the consolidated financial statements:		
Net assets of associate	581,956	574,064
Proportion of ownership interest	33.3%	33.3%
Other adjustments	761	45
Carrying amount of interest in RGM Limited	194,552	191,208

9 Intangible assets

	Computer Software ($'000)	Work in Progress ($'000)	Total ($'000)
Year ended October 31, 2024			
Opening net carrying value	123,283	41,771	165,054
Translation adjustment	-	-	-
Adjusted opening net book value	123,283	41,771	165,054
Additions	-	53,031	53,031
Disposals	-	-	-
Transfers [1]	38,194	(38,194)	-
Amortization	(68,585)	-	(68,585)
Impairment	(4,733)	(5,247)	(9,980)
Adjustments	-	(86)	(86)
Closing net carrying value	88,159	51,275	139,434
Cost	694,852	51,275	746,127
Accumulated amortization	(606,693)	-	(606,693)
Net carrying value	88,159	51,275	139,434
Year ended October 31, 2023			
Opening net carrying value	155,734	53,138	208,872
Translation adjustment	(9)	-	(9)
Adjusted opening net book value	155,725	53,138	208,863
Additions	3,186	52,619	55,805
Disposals	(34)	(16,293)	(16,327)
Transfers [1]	54,333	(47,693)	6,640
Amortization	(89,927)	-	(89,927)
Closing net carrying value	123,283	41,771	165,054
Cost	692,874	41,771	734,645
Accumulated amortization	(569,591)	-	(569,591)
Net carrying value	123,283	41,771	165,054

[1] This represents transfers to intangibles from work in progress in current period and transfers out of premises and equipment to intangibles in the prior period.

During the year, assets fully depreciated and retired amounted to $29 million (2023 - $32 million).

There were no contractual commitments to acquire intangible assets in 2024 or 2023.

10 Goodwill

	2024 ($'000)	2023 ($'000)
Balance at beginning of year	4,361,852	4,361,852
Balance at end of year	4,361,852	4,361,852

Goodwill on assets acquired was assessed to determine the need for an impairment loss as at the year-end, in accordance with IAS 36 – Impairment of assets. Throughout, this assessment used the "fair value less costs of disposal" (FVLCD) method. Based on the results of the annual assessment performed as at July 31, 2024, a surplus of $1,464 million was observed as at October 31, 2024 (2023 – a surplus of $150 million) as the recoverable amount of the assets exceeded its carrying amount.

The Group calculates fair value less costs of disposal (FVLCD) using the discounted cash flow ("DCF") method that projects future cash flows over a 5-year period. The Group is considered to be the cash-generating unit for the purposes of this assessment. Future cash flows are based on the same factors noted below. Cash flow projections are adjusted to reflect the considerations of a prospective third-party buyer and discounted to their present value. Non-interest expenses are adjusted based on synergies that can be achieved with a prospective in-market buyer. We use significant judgement to determine inputs to the discounted cash flow model which is most sensitive to changes in future cash flows, discount rates and terminal growth rates applied to cash flows beyond the forecast period.

Revenue

Future cash flows are based on financial plans agreed by management, estimated based on forecast results, business initiatives, capital required to support future cash flows and returns to shareholders. Key drivers of future cash flows include net interest margins and average interest-earning assets. The values assigned to these drivers over the forecast period are based on past experience, external and internal economic forecasts, and management's expectations of the impact of economic conditions on our financial results.

Provision for credit losses

Based on assumptions for loan growth combined with assumed economic conditions and specific risk mitigation strategies being undertaken.

Non-interest expenses

Based on assumed rates of inflation and specific ongoing initiatives that will result in additional costs or result in cost savings.

Taxation

Based on prevailing tax rates in each jurisdiction in which The Group operates inclusive of changes arising from Pillar II tax implementation in impacted countries.

	October 31, 2024	October 31, 2023
Summary of principal assumptions		
Terminal revenue growth rates	5.50%	3.83%
Terminal net income growth rates	3.50%	3.50%
Discount rates	11.39%	11.80%

The environment is rapidly evolving and as a result, our economic outlook has a higher than usual degree of uncertainty, which may, in future periods, materially change the expected future cash flows of the CGUs and result in a further impairment charge. Actual experience may differ materially from current expectations, including in relation to the duration and severity of the economic contraction and the ultimate timing and extent of a future recovery.

In performing the goodwill impairment assessment, we also considered reasonably possible alternative scenarios, including market comparable transactions, which yielded valuations ranging from a surplus to a higher deficit. As noted above, we use significant judgment to determine inputs to the discounted cash flow model which are most sensitive to changes in future cash flows, discount rates and terminal growth rates applied to cash flows beyond the forecast period. The sensitivity of the fair value less costs of disposal to key inputs and assumptions was tested by recalculating the recoverable amount using reasonably possible change to those parameters.

Holding all other factors constant, if each of the principal assumptions changed the surplus would change as follows:

	Rate Changes		Movement in Surplus	
	From %	To %	From $'MM	To $'MM
2024				
Terminal revenue growth rate - 75 bps decline	5.50%	4.75%	1,464	1,294
Terminal net income growth rate - 25 bps decline	3.50%	3.25%	1,464	1,407
Discount rate - 25 bps increase	11.39%	11.64%	1,464	1,000
2023				
Terminal revenue growth rate - 75 bps decline	3.83%	3.08%	150	5
Terminal net income growth rate - 25 bps decline	3.50%	3.25%	150	(155)
Discount rate - 25 bps increase	11.80%	12.05%	150	(249)

10 Goodwill (continued)

Changes in these assumptions have been applied holding other individual factors constant. However, changes in one factor may be magnified or offset by related changes in other assumptions as impacts to the recoverable amount are highly interdependent and changes in assumptions may not have a linear effect on the recoverable amount of the CGU. In aggregate, based on the current cash flow forecasts, discount rates and terminal growth rates, the range of reasonably possible outcomes does not materially affect the recoverable amount of the CGU and would not result in impairment charges in future periods.

11 Premises and equipment

	2024 ($'000)	2023 ($'000)
Premises and equipment owned (Note 11.1)	488,231	459,334
Right-of-use leased assets (Note 11.2)	244,543	267,081
	732,774	726,415

Premises and equipment consists of owned assets and right-of-use leased assets.

11.1 Premises and equipment owned

	Freehold properties ($'000)	Leasehold properties ($'000)	Leasehold improvements ($'000)	Equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2024						
Opening net book value	317,872	6,281	65,136	59,487	10,558	459,334
Translation adjustment	(15)	-	(2)	(10)	-	(27)
Adjusted opening net book value	317,857	6,281	65,134	59,477	10,558	459,307
Additions [1]	1,304	-	1,669	3,716	70,633	77,322
Disposals	(401)	-	-	(66)	(61)	(528)
Reinstatement from non-current assets held for sale	1,840	-	-	-	-	1,840
Transfers	2,100	1	-	5,936	(9,997)	(1,960)
Depreciation charge	(11,909)	(394)	(11,956)	(23,488)	(3)	(47,750)
Closing net book value	310,791	5,888	54,847	45,575	71,130	488,231
At October 31, 2024						
Total cost	557,533	14,500	144,799	193,104	71,130	981,066
Accumulated depreciation	(246,742)	(8,612)	(89,952)	(147,529)	-	(492,835)
Net book value	310,791	5,888	54,847	45,575	71,130	488,231

[1] Included in additions are nil transfers (2023 - nil) from intangibles (Note 9).

During the year, assets fully depreciated and retired amounted to $12 million (2023 - $89 million).

	Freehold properties ($'000)	Leasehold properties ($'000)	Leasehold improvements ($'000)	Equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2023						
Opening net book value	343,510	4,970	68,258	56,556	15,715	489,009
Translation adjustment	(64)	-	(5)	1,281	(4)	1,208
Adjusted opening net book value	343,446	4,970	68,253	57,837	15,711	490,217
Additions [1]	-	-	4,273	11,212	21,718	37,203
Disposals	(3,917)	-	(13)	(158)	(803)	(4,891)
Reinstatement from non-current assets held for sale	-	2,056	-	-	-	2, 056
Transfers	-	-	4,380	16,851	(24,755)	(3,524)
Depreciation charge	(21,657)	(745)	(11,757)	(26,255)	(1,313)	(61,727)
Closing net book value	317,872	6,281	65,136	59,487	10,558	459,334
At October 31, 2023						
Total cost	550,144	14,501	149,801	193,244	10,558	918,248
Accumulated depreciation	(232,272)	(8,220)	(84,665)	(133,757)	-	(458,914)
Net book value	317,872	6,281	65,136	59,487	10,558	459,334

[1] Included in additions are nil transfers (2023 - nil) from intangibles (Note 9).

Impairment of property

There was no impairment within The Group for the year ended October 31, 2024 (2023 – Nil).

Assets pledged as security

There were no land and buildings pledged to secure borrowings of The Group in 2024 or 2023.

11.2 Right-of-use leased assets

	Properties ($'000)
Year ended October 31, 2024	
Opening net book value	267,081
Translation adjustment	(8)
Adjusted opening net book value	267,073
Additions	2,201
Disposals	(1,412)
Remeasurements	32,529
Depreciation charge	(55,848)
Closing net book value	244,543
At October 31, 2024	
Total cost	503,213
Accumulated depreciation	(258,670)
Net book value	244,543
Year ended October 31, 2023	
Opening net book value	308,969
Translation adjustment	(28)
Adjusted opening net book value	308,941
Additions	14,977
Disposals	(409)
Remeasurements	343
Depreciation charge	(56,771)
Closing net book value	267,081
At October 31, 2023	
Total cost	470,285
Accumulated depreciation	(203,204)
Net book value	267,081

Leased assets

The Group leases various offices, branches and other premises. These leases have various terms, escalation and renewal rights and are negotiated on an individual basis. These lease agreements do not include any clauses that impose restrictions on our ability to pay dividends, engage in debt financing transactions, or enter into further lease agreements.

Some lease contracts provide us with the option to terminate after payment of a predetermined amount, allowing us to exit the contracts prior to expiration. Extension options at the discretion of The Group are also made available to lengthen existing lease terms. We are reasonably certain to exercise extension options for specific retail and automated teller machines (ATMs) locations. Extension options for real estate leases tend to be at market rates and subject to negotiation prior to expiration of the initial lease term and therefore are not included in the measurement of lease liabilities at the commencement of the lease.

The total cash outflow for leases for the year ended October 31, 2024 was $61 million (2023 - $59 million).

12 Deferred tax assets and liabilities

The following amounts are shown in the consolidated statement of financial position:

	2024 ($'000)	2023 ($'000)
Deferred tax assets (Note 12.1)	184,828	180,619
Deferred tax liabilities (Note 12.2)	(53,260)	(44,394)
	131,568	136,225
The movement on the deferred tax account is as follows:		
At beginning of year	136,225	158,675
Effect of changes in exchange rates	(10)	(189)
Consolidated Statement of Comprehensive Income (Note 28)	(4,288)	(20,324)
Investment revaluation reserve:		
Fair value (gains)/losses	(3,744)	1,875
Loss transferred to the Consolidated Statement of Comprehensive Income	(189)	(163)
Other	136	(3,649)
Effect of changes in tax rate *	3,438	-
At end of year	131,568	136,225

* As part of the implementation of the Organisation for Economic Co-operation and Development Pillar Tax rules, RBC Royal Bank (Barbados) Limited (the Bank) current year's tax rate changed from a sliding scale of 5% to 1% to a rate of 9% which impacted the deferred tax assets and deferred tax liabilities as the Bank did not apply the temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of Pillar Two.

12 Deferred tax assets and liabilities (continued)

	2024 ($'000)	2023 ($'000)
Deferred tax assets and liabilities are attributable to the following items:		
12.1 **Deferred tax assets**		
Post-retirement benefits	85,085	89,168
Accelerated tax depreciation	3,948	3,639
Recognised tax losses	34,043	39,491
Allowance for credit losses	49,996	37,870
Other	11,756	10,451
	184,828	180,619
12.2 **Deferred tax liabilities**		
Accelerated tax depreciation	(15,187)	(17,441)
Securities FVOCI	(19,655)	(6,668)
Other	(18,418)	(20,285)
	(53,260)	(44,394)

The tax loss carryforward amounts of deferred tax assets of $34 million (October 31, 2023 – $39 million) were recognized in respect of tax losses incurred in current or preceding years which recognition is dependent on the projection of future taxable profits. Management's forecasts support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilize the deferred tax assets. The forecasts rely on continued liquidity and capital support to our business operations, including tax-planning strategies implemented in relation to such support.

13 Other assets

	2024 ($'000)	2023 ($'000)
Other taxes recoverable	10,102	4,247
Accounts receivable	54,726	65,695
Interest receivable	116,619	117,318
Items in transit	321,371	304,635
Other	11,700	14,478
	514,518	506,373
Allowance for credit losses	(1)	(7)
	514,517	506,366
Current	511,397	504,924
Non-current	3,120	1,449
	514,517	506,373

14 Assets and liabilities classified as held for sale

	2024 ($'000)	2023 ($'000)
Land	-	227
Buildings	-	1,613
	-	1,840

Assets held for sale – Land and Buildings

As at year end, the IFRS 5 (Non-current assets held for sale and discontinued operations) criteria was not met and therefore the land and building held in RBC Royal Bank (Aruba) N.V. was reinstated to Premises and Equipment (Note 11).

	2024 ($'000)	2023 ($'000)
Land		
Cost	-	227
Impairment	-	-
Net book value transferred from premises and equipment	-	227
Buildings		
Cost	-	4,193
Impairment	-	-
Accumulated depreciation	-	(2,580)
Net book value transferred from premises and equipment	-	1,613
Land:		
Opening balance	227	227
Disposal of property	-	-
Amounts reclassed to premises and equipment owned	(227)	-
Closing balance	-	227

	2024 ($'000)	2023 ($'000)
Buildings:		
Opening balance	1,613	3,670
Disposal of property	-	-
Amounts reclassed to premises and equipment owned	(1,613)	(2,057)
Closing balance	-	1,613

15 Customers' deposits

	2024 ($'000)	2023 ($'000)
Savings	19,458,561	19,061,207
Term deposits	5,114,777	4,975,154
Current accounts	21,957,759	21,710,968
	46,531,097	45,747,329
Sectoral analysis		
Consumers	20,765,544	20,472,492
Private sector	19,975,725	19,602,670
State sector	5,414,809	5,217,441
Other	375,019	454,726
	46,531,097	45,747,329
Current	45,560,893	44,828,090
Non-current	970,204	919,239
	46,531,097	45,747,329

16 Other funding instruments

	2024 ($'000)	2023 ($'000)
Other funding instruments	8,479	8,610
	8,479	8,610
Sectoral analysis		
Individuals	4,177	4,313
Private sector	157	157
Financial institutions	4,145	4,140
	8,479	8,610
Current	8,479	8,610
	8,479	8,610

Other funding instruments consist of fund raising instruments, which are unsecured borrowings. Interest rates on other funding instruments ranged from 0% to 6% (2023 – 0% to 6%).

17 Other borrowed funds

	2024 ($'000)	2023 ($'000)
Long-term borrowings	-	215
	-	215

As part of its funding activities, The Group accesses different sources of unsecured financing including short-term and long-term borrowings and private placements.

Short-term borrowings consist of revolving credit lines and other bank credit line facilities with maturities up to one year. Long-term borrowings consist of bank borrowings with maturities in excess of five years.

The prior period interest rate on borrowings, which were principally in US dollars was 3%.

18 Post-retirement benefit obligations

Plan characteristics

The Group sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by local pension committees.

18 Post-retirement benefit obligations (continued)

Plan characteristics (continued)

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The main defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. Our defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of an employee's annual earnings. Our other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by The Group and valuations of the plans are performed at each fiscal year by independent actuaries.

Risks

By their design, the defined benefit pension plans expose The Group 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 costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

18.1 The amounts recognised in the Consolidated Statement of Financial Position are as follows:

	Pension ($'000)	Other post-employment plans ($'000)	Total ($'000)
October 31, 2024			
Fair value of plan assets	(55,900)	-	(55,900)
Post-retirement benefit obligation	141,724	255,229	396,953
Liability in the Consolidated Statement of Financial Position	85,824	255,229	341,053
October 31, 2023			
Fair value of plan assets	(50,101)	-	(50,101)
Post-retirement benefit obligation	156,655	244,753	401,408
Liability in the Consolidated Statement of Financial Position	106,554	244,753	351,307

18.2 The movements in the fair value of plan assets over the period are as follows:

	Pension ($'000)	Other post-employment plans ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	(50,101)	-	(50,101)
Interest income	(4,349)	-	(4,349)
Contributions	(931)	-	(931)
OCI Remeasurements	-	-	-
Administration expenses	405	-	405
Return on plan assets (excluding amounts included in interest cost)	(2,918)	-	(2,918)
Net benefits paid by the Group	1,994	-	1,994
At end of year	(55,900)	-	(55,900)
October 31, 2023			
At beginning of year	(46,759)	-	(46,759)
Interest income	(3,690)	-	(3,690)
Contributions	(789)	-	(789)
OCI Remeasurements	-	-	-
Administration expenses	394	-	394
Return on plan assets (excluding amounts included in interest cost)	(1,034)	-	(1,034)
Net benefits paid by the Group	1,777	-	1,777
At end of year	(50,101)	-	(50,101)

18.3 The movements in the post-retirement benefit obligation over the period are as follows:

	Pension ($'000)	Other post-employment plans ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	156,655	244,753	401,408
Current service cost	2,548	1,170	3,718
Past service cost	-	-	-
Interest cost	9,421	14,841	24,262
Contributions	135	-	135
Other comprehensive income remeasurements	3,884	(912)	2,972
Net benefits	(30,919)	(4,623)	(35,542)
At end of year	141,724	255,229	396,953
October 31, 2023			
At beginning of year	179,719	248,414	428,133
Current service cost	2,874	1,273	4,147
Past service cost	-	-	-
Interest cost	10,201	14,601	24,802
Contributions	119	-	119
Other comprehensive income remeasurements	3,089	(14,934)	(11,845)
Net benefits	(39,347)	(4,601)	(43,948)
At end of year	156,655	244,753	401,408

18.4 The amounts recognised in the Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income are as follows:

	Pension ($'000)	Other post-employment plans ($'000)	Total ($'000)
October 31, 2024			
Current service cost	2,548	1,170	3,718
Past service cost	-	-	-
Net interest cost	5,072	14,841	19,913
Other	405	-	405
Components of defined benefit costs recognized in profit or loss (Note 26.1)	8,025	16,011	24,036
Remeasurement on the net liability:			
Return on plan assets (excluding amounts included in net interest cost)	(2,918)	-	(2,918)
Effect of changes in demographic assumptions	-	-	-
Effect of changes in financial assumptions	-	-	-
Effect of experience adjustments	3,687	(912)	2,775
Other	-	-	-
Components of defined benefit costs recognized in other comprehensive income	769	(912)	(143)
Total	8,794	15,099	23,893
October 31, 2023			
Current service cost	2,874	1,273	4,147
Past service cost	-	-	-
Net interest cost	6,511	14,601	21,112
Other	394	-	394
Components of defined benefit costs recognized in profit or loss (Note 26.1)	9,779	15,874	25,653
Remeasurement on the net liability:			
Return on plan assets (excluding amounts included in net interest cost)	(1,034)	-	(1,034)
Effect of changes in demographic assumptions	-	-	-
Effect of changes in financial assumptions	-	-	-
Effect of experience adjustments	1,890	(14,934)	(13,044)
Other	-	-	-
Components of defined benefit costs recognized in other comprehensive income	856	(14,934)	(14,078)
Total	10,635	940	11,575

18.5 Investment policy and strategies

Defined benefit pension plan assets are invested prudently in order to meet our long-term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework. Factors taken into consideration in developing our asset allocation include but are not limited to the following:

(i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;

(ii) the member demographics, including normal retirements, terminations, and deaths;

(iii) the financial position of the pension plans;

(iv) the diversification benefits obtained by the inclusion of multiple asset classes; and

(v) expected asset returns, including asset and liability volatility and correlations.

To implement our asset allocation policy, we may invest in equities and fixed income securities.

18 Post-retirement benefit obligations (continued)

18.5 Investment policy and strategies (continued)

Composition of defined benefit pension plan assets

	October 31, 2024		October 31, 2023	
	Fair value ($'000)	Percentage of total plan assets %	Fair value ($'000)	Percentage of total plan assets %
Equity securities				
Foreign	27,157	49	23,729	47
Debt securities				
Domestic government bonds	13,244	24	13,410	27
Foreign government bonds	8,236	15	5,533	11
Corporate and other bonds	5,231	9	5,035	10
Alternative investments	2,032	3	2,394	5
	55,900	100	50,101	100

Significant assumptions

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

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	October 31, 2024	October 31, 2023
Discount rates – medical and life	6.3%	6.2%
Discount rates – pension	6.3 - 7.8%	6.0 - 8.8%
Salary increases	2.5%	2.0%/2.5%
Medical expense increases		
- Basic cover for retirees	5.0%	5.0%
- All other cover	5.0%	5.0%

18.6 Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The following table presents the sensitivity analysis of key assumptions holding all other factors constant:

	Increase / (decrease) in obligation	
	2024 ($'000)	2023 ($'000)
Pension plan:		
Impact of 1.0% (2023: 1.0%) decrease in discount rate	37,750	40,829
Impact of 1.0% (2023: 1.0%) increase in discount rate	(26,053)	(28,360)
Impact of 0.5% (2023: 0.5%) decrease in rate of increase in future compensation	(3,621)	(5,011)
Impact of 0.5% (2023: 0.5%) increase in rate of increase in future compensation	4,769	6,123
Impact of 1 year decrease in life expectancy	(4,469)	(4,788)
Impact of 1 year increase in life expectancy	4,542	4,896
Other post-employment plans:		
Impact of 1.0% (2023: 1.0%) decrease in discount rate	35,682	35,427
Impact of 1.0% (2023: 1.0%) increase in discount rate	(29,175)	(28,849)
Impact of 1.0% (2023: 1.0%) decrease in health care cost	(11,403)	(10,715)
Impact of 1.0% (2023: 1.0%) increase in health care cost	13,613	12,645
Impact of 1 year increase in life expectancy	215	(40)

19 Other liabilities

	2024 ($'000)	2023 ($'000)
Accruals and payables	154,288	188,035
Employee related costs	173,863	163,122
Deferred income	93,602	90,033
Interest payable	68,857	50,426
Contract liabilities [1]	16,852	38,995
Lease liabilities [2]	259,212	279,767
Items in transit	432,178	533,018
Allowance for credit losses (Note 30)	4,308	2,975
Other	159,458	103,028
	1,362,618	1,449,399
Current	1,019,947	1,149,853
Non-current	342,671	299,546
	1,362,618	1,449,399

Contract liabilities [1]

The Group derives revenue from contracts with customers in the form of annual credit card fees, which are paid for upfront by cardholders for the right to use certain RBC credit cards products. The one-time annual fee represents the transaction price received to transfer the performance obligation. However, as the performance obligations transpire over time, throughout the annual period, such revenues should be recognized over the applicable annual cycle. The contract liabilities balance in the Other liabilities table represents the portion of annual fee revenue which was deferred and remained outstanding as at the Consolidated Statement of Financial Position date.

Lease liabilities [2]

The Group presents its lease liabilities within other liabilities on the Consolidated Statement of Financial Position. Under IFRS 16 – Leases, lease liabilities represent the present value of the lease payments not paid. This amount is computed using the incremental borrowing rate at the inception of the lease.

20 Stated capital

	2024 ($'000)	2023 ($'000)
Issued and fully paid		
12,946,494 ordinary shares of no par value	10,709,490	12,065,350

The total authorised number of ordinary shares at year-end was unlimited with no par value.

During the year the Group repatriated $1.4 billion (2023 - $Nil) of its stated capital to its Parent.

20.1 Stated capital movement

	2024	2023
Balance at beginning of year	12,065,350	12,065,350
Capital repatriation	(1,355,860)	-
Balance at end of year	10,709,490	12,065,350

21 Statutory reserves

The Financial Institutions Act, 2008 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of their profit after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution. The Central Banks of Aruba, Curacao and Barbados impose similar obligations on financial institutions operating within their territories. In the Cayman Islands, there is no such requirement.

22 Other components of equity

	2024 ($'000)	2023 ($'000)
Capital reserves (Note 22.1)	33,671	33,671
Translation reserve (Note 22.2)	151,168	151,787
Investment revaluation reserve (Note 22.3)	6,928	(26,557)
General banking risk reserve (Note 22.4)	197,529	175,803
	389,296	334,704

22.1 Capital reserves

	2024	2023
Balance at beginning of year	33,671	33,671
Transfer from retained earnings	-	-
Balance at end of year	33,671	33,671

22 Other components of equity (continued)

	2024 ($'000)	2023 ($'000)
22.2 Translation reserve		
Balance at beginning of year	151,787	146,101
Currency translation differences arising during the year	(619)	(3,596)
Transferred from retained earnings	-	9,282
Balance at end of year	151,168	151,787
22.3 Investment revaluation reserve – securities FVOCI		
Balance at beginning of year	(26,557)	(4,592)
Net gains arising during the year on securities, net of tax	51,435	46,071
Allowance for credit losses (Note 7.2)	(18,354)	(68,822)
Net gains arising during the year on equity securities, net of tax	582	854
Net realised losses on debt securities transferred to income, net of tax	(178)	(68)
Balance at end of year	6,928	(26,557)

22.4 General banking risk reserve

This is a non-distributable reserve representing the excess of the provision for credit losses determined in accordance with regulatory requirements over the amount determined under IFRS.

	2024 ($'000)	2023 ($'000)
Balance at beginning of year	175,803	164,425
Transferred from retained earnings	21,726	11,378
Balance at end of year	197,529	175,803

23 Interest income

	2024 ($'000)	2023 ($'000)
Loans	1,741,801	1,649,359
Securities (Note 23.1)	679,807	542,040
Due from banks	114,398	105,844
	2,536,006	2,297,243
23.1 Securities		
FVTPL	1,437	123,453
FVOCI	162,579	109,014
Dividends	610	598
Amortised cost	515,181	308,975
	679,807	542,040

24 Interest expense

	2024 ($'000)	2023 ($'000)
Customers' deposits	247,938	156,650
Due to banks	2,350	1,272
Due to affiliates (Note 33)	13,993	21,784
Lease liabilities	8,602	8,507
Other interest bearing liabilities	-	516
	272,883	188,729

25 Non-interest income

The Group derives revenue over time and at a point in time within the following categories.

	2024 ($'000)	2023 ($'000)
Non-interest income over time:		
Transaction service fees and commissions	57,718	55,901
Trust and investment management related fees	242,712	271,427
Non-interest income at a point in time:		
Credit related commissions and fees	245,871	238,293
Credit card fees and commissions net of any related expenses	111,907	115,194
Transaction service fees and commissions	98,970	95,993
Net trading income (Note 25.1)	8,616	3,156
Foreign exchange earnings	268,617	226,050
Sundry income	43,275	48,634
	1,077,686	1,054,648
25.1 Net trading income from continuing operations		
Securities at FVTPL - realised and unrealised gains	8,438	3,160
Securities at FVOCI – realised gains	178	-
Derivative financial instruments - realized and unrealized losses	-	(4)
	8,616	3,156

26 Non-interest expenses

	2024 ($'000)	2023 ($'000)
Staff costs (Note 26.1)	919,475	894,386
Premises and equipment expenses, excluding depreciation and operating lease rentals	264,145	237,185
Advertising	43,085	38,688
Depreciation and amortization	172,183	208,425
Deposit insurance premium (Note 26.2)	38,703	37,582
Short-term lease expenses	21,671	22,939
Directors' fees	3,798	2,244
Auditors' fees (Note 26.3)	14,167	14,360
Other professional fees	69,253	90,466
Green fund levy	7,425	8,310
Business and capital tax	55,438	76,927
Sundry and fraud losses	26,943	25,399
Other operating expenses	293,726	270,941
	1,930,012	1,927,852
26.1 Staff costs		
Wages and salaries including bonuses	836,367	821,525
Employees' defined contribution pension expense	42,802	42,016
Employees' defined benefit and post-retirement benefit costs	24,036	25,653
Share option plan-value of services provided	16,270	5,192
	919,475	894,386

26.2 Deposit insurance premium

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago and Barbados stipulate that an annual premium be paid to a Deposit Insurance Fund based on insurable deposit liabilities outstanding at the end of each quarter of the preceding year. The basis of calculation varies across the legal jurisdictions.

26.3 Audit fees

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2024 ($'000)	2023 ($'000)
Audit and other services*	14,167	14,360
	14,167	14,360

* Includes statutory audit and audit related services provided based on regulatory requirements.

27 Share–based compensation

The Group offers share-based compensation plans (the "Plans"), which consists of shares issued by The Group's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Group offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from The Group's annual incentive program, all of which vest at the end of five years.

The Group offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

27.1 Units granted under share-based compensation plans

The following table presents the units granted under share-based compensation plans for the year:-

	Units granted	Weighted average fair value per unit ($)
October 31, 2024		
Performance deferred share unit plans	10,151	604
RBC share unit plans	2,370	591
	12,521	
October 31, 2023		
Performance deferred share unit plans	10,247	642
RBC share unit plans	780	645
	11,027	

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses (recoveries) recognized for the year.

27.2 Obligations under share-based compensation plans

	Units	Carrying amount ($'000)
October 31, 2024		
Performance deferred share unit plans	24,214	19,924
RBC share unit plans	2,423	2,041
	26,637	21,965
October 31, 2023		
Performance deferred share unit plans	25,970	14,027
RBC share unit plans	1,184	640
	27,154	14,667

27.3 Compensation expenses recognized under share-based compensation plans

	2024 ($'000)	2023 ($'000)
Performance deferred share unit plans	13,535	4,326
RBC share unit plans	1,892	522
	15,427	4,848

28 Taxation expense

	2024 ($'000)	2023 ($'000)
Current tax charge	279,524	255,181
Prior years	(2,473)	(577)
Net deferred tax charge (Note 12)	4,288	20,324
Share of tax charge of associate company (Note 8.1)	3,560	1,765
Share of tax charge of joint venture (Note 8.3)	3,117	2,475
	288,016	279,168

Our effective tax rate for 2024 is 20% (2023: 21%) and is reflective of the level and mix of profits between taxable and non-taxable jurisdictions.

The tax on profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the home country of the parent company as follows:

	2024 ($'000)	2023 ($'000)
Net income	1,453,600	1,353,631
Tax calculated at a rate of 35% (2023: 35%)	508,760	473,771
Effect of different tax rates in other countries	(183,209)	(190,987)
Effect of different tax rates on certain sources of income	14,465	(3,155)
Income exempt from tax	(75,666)	(95,582)
Expenses not deductible for tax	33,311	97,525
Effect of current year unrecognised tax losses	(21,657)	(2,436)
Prior years	(2,917)	(577)
Pandemic levy	-	206
Business levy	2,962	-
Other	13,852	403
Effect of change in tax rate*	(1,885)	-
Tax charge	288,016	279,168

* RBC Royal Bank (Barbados) Limited's taxation rate for income year 2024 for the period November 2023 – June 2024 was sliding scale 5.5% to 1% and for the period July 2024 – October 2024 was 9%. (Taxation rate for income year 2023: sliding scale 5.5% to 1%).

The deferred tax charge for the year comprises the following temporary differences:

	2024	2023
Accelerated tax depreciation	(2,255)	(4,233)
Unrealized losses on derivative financial instruments	-	27
Regulatory loan loss reserve	73	1,490
Investment securities at FVOCI	175	152
Post-retirement benefits	4,788	(3,724)
Tax losses	5,449	27,594
Other temporary differences	(3,942)	(982)
Deferred tax charge	4,288	20,324

29 Dividends

During the year, no dividends were declared to the immediate parent company – RBC Holdings (Barbados) Ltd. (2023: $Nil). Dividends are accounted for as an appropriation of retained earnings when declared.

30 Contingent liabilities

a) **Legal proceedings**

As at October 31, 2024, there were certain legal proceedings outstanding against The Group for which a provision has been made of $15 million based on professional advice as to the likely obligations arising from these litigation matters (2023: $21 million).

b) **Customers' liability under acceptances and letters of credit**

These represent the Group's potential liability for drawn-upon commitments under guarantees and letters of credit, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not reflected in the Consolidated Statement of Financial Position.

	2024 ($'000)	2023 ($'000)
Guarantees and letters of credit	369,001	341,046

Our credit review process, our policy for requiring collateral security, and the types of collateral security held are generally the same as required for loans. We believe that it is highly unlikely that all or substantially all of the guarantees and commitments will be drawn or settled within one year, and contracts may expire without being drawn or settled. Historically, we have not made any significant payments under such indemnifications.

As at October 31, 2024 accumulated allowance for credit losses for contingent liabilities amounted to $4 million (2023: $3 million) - Note 19.

31 Credit commitments

These represent the undrawn credit facilities for which The Group is potentially liable at year end. These include undrawn facilities on credit cards, overdrafts, bonds, letters of credit, guarantees and indemnities. These amounts are not reflected in the Consolidated Statement of Financial Position.

The following table breaks down The Group's main credit exposure of credit commitments as categorized by industry sectors of counterparties.

31 Credit commitments (continued)

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Consumer	3,027,686	2,669,541
Manufacturing	250,817	45,615
Distribution	518,101	411,315
Financial services	1,121,596	1,247,951
Transport	177,648	119,628
Construction	371,556	258,893
Petroleum	78,500	-
Agriculture	3,348	1,735
Real estate	188,477	29,733
Tourism	41,903	29,366
Professional services	19,517	21,025
Utilities	97,378	111,559
Health services	65,659	36,189
Government	347,881	75,966
Other	781,857	1,537,876
	7,091,924	6,596,392

32 Capital commitments

The Group's capital commitments, principally in respect of building renovations and information technology projects were $2 million as at October 31, 2024 (2023 - $3 million).

33 Related party transactions

Related parties

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

We have applied the low credit risk exemption on all loans and receivables, deposits and liabilities to associates and joint ventures and amounts due to and from associates and affiliates, as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any ACL is deemed to be insignificant.

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of The Group directly or indirectly. They include the senior executives called the Operating Committee (OC) and Executive Management Committee (EMC). The OC and EMC are comprised of the Head Caribbean Banking and those individuals that report to him, including the Chief Financial Officer, Head Human Resources, Chief Risk Officer, and heads of business and functional units. The EMC is ultimately responsible for all material decisions. The EMCC is also responsible for establishing the overall strategic direction of The Group and, in that regard, sets global parameters for The Group within which the board of directors and management of each subsidiary in The Group exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of RBC Financial (Caribbean) Limited do not plan, direct, or control the activities of The Group; they oversee the management of the business and provide stewardship.

	2024 ($'000)	2023 ($'000)
Outstanding balances		
Loans, reverse repurchased assets and receivables		
Royal Bank of Canada – Ultimate Parent	83,548	92,093
Other subsidiaries of Royal Bank of Canada	377,807	340,579
Associates and joint venture	256,552	260,206
	717,907	692,878
Deposits and other liabilities		
Royal Bank of Canada – Ultimate Parent	330,851	294,817
Other subsidiaries of Royal Bank of Canada	629,090	3,489,545
Associates and joint venture	42,247	67,983
	1,002,188	3,852,345
Capital repatriation		
Parent company RBC Holdings (Barbados) Ltd	1,355,860	-
	1,355,860	-
Interest expense		
Other subsidiaries of Royal Bank of Canada	13,993	21,784
	13,993	21,784
Non-interest income		
Other subsidiaries of Royal Bank of Canada	2,430	2,278
	2,430	2,278
Facility fees		
Other subsidiaries of Royal Bank of Canada	2,430	2,278
	2,430	2,278

Compensation of key management personnel and Directors

The following table presents the compensation paid, shareholdings and options held by key management personnel and Directors.

Key management compensation

	2024 ($'000)	2023 ($'000)
Share based payment	13,793	11,486
Salaries and other short-term benefits	3,691	4,781

Joint ventures and associates

In the normal course of business, The Group provides certain banking services to our joint ventures and associates, including loans, interest and non-interest-bearing deposits.

34 Financial risk management

34.1 Consolidated Statement of Financial Position – categorization

	2024 ($'000)	2023 ($'000)
Assets		
Financial assets at fair value through profit and loss		
Securities	89,166	83,598
	89,166	83,598
Financial assets at fair value through other comprehensive income		
Cash and short term instruments – treasury bills	5,433,675	3,309,452
Securities – debt instruments	898,745	2,314,977
Securities – equity instruments (1)	32,804	32,030
	6,365,224	5,656,459
Financial assets at amortised cost		
Cash on hand and due from banks	3,232,750	3,531,680
Balances with central banks	9,365,610	9,970,418
Loans	30,083,824	27,728,947
Securities	7,412,039	12,049,547
Due from associates and affiliated companies	717,907	692,878
Other assets	413,641	183,013
	51,225,771	54,156,483
Total financial assets	57,680,161	59,896,540
Non-financial assets	5,917,865	6,169,485
Total assets	63,598,026	66,066,025
Liabilities		
Financial liabilities at amortised cost		
Due to banks	67,753	211,199
Customers' deposits	46,531,097	45,747,329
Other funding instruments	8,479	8,610
Other borrowed funds	-	215
Due to associates and affiliated companies	1,002,188	3,852,345
Other liabilities	934,205	330,193
	48,543,722	50,149,891
Total financial liabilities	48,543,722	50,149,891
Non-financial liabilities	928,657	1,633,149
Total liabilities	49,472,379	51,783,040
Total equity attributable to owners of parent	14,125,647	14,282,985
Total equity and liabilities	63,598,026	66,066,025

(1) *Securities - equity instruments designated as at FVOCI*

The Group designated certain equity securities which are not held for trading as FVOCI. The Group irrevocably elected to recognize the equity securities as FVOCI because the equity securities are held for the long term for strategic purposes.

34 Financial risk management (continued)

34.1 Consolidated Statement of Financial Position – categorization (continued)

The following table presents The Group's equity instruments designated as at FVOCI at the end of the period by business category.

	Number of companies [a]	Carrying value 2024 ($'000)	Carrying value 2023 ($'000)	Dividends received 2024 ($'000)	Dividends received 2023 ($'000)
Business category					
Economic development	4	22,125	21,360	221	392
Stock exchange	1	8,269	7,452	386	201
Clearing house	1	1,255	2,048	-	-
Financial services	1	708	707	-	-
Other	2	447	463	3	5
Total		32,804	32,030	610	598

[a] During the year ended October 31st, 2024 there was a disposal from equity shares designated as FVOCI of 180,000 shares of one of the companies in the business category Clearing house (2023 - Nil).

34.2 Risk management

Risk is inherent in The Group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to The Group's continuing profitability and each individual company within The Group is accountable for the risk exposures relating to its responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks.

Risk management structure

The Board of Directors is responsible for providing oversight over the management of risks. The EMC is responsible for managing and monitoring risks.

Executive Management Committee (EMC)

The EMC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Group's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit

A centralized Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across The Group in the three key areas of credit risk, market risk and operational risk. These units, are responsible for the independent oversight of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These units also ensure the risks are completely captured in the risk measurement and reporting systems.

Group Asset and Liability Committee (ALCO)

The Group ALCO provides oversight and monitoring of the financial resources of operating entities. The committee's mandate includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the Executive Management Committee – Risk and Governance and the relevant Boards, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

ALCO provides oversight and monitoring of the financial resources of operating entities. ALCO is responsible for the oversight and monitoring of the financial resources of operating entities in The Group. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts.
- business and enterprise strategies.
- risks.
- The Group's legal entity structure.
- market developments.
- accounting pronouncements, and
- competitive and regulatory environments.

Considering these dynamics, ALCO is responsible for reviewing, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and The Group's investment portfolio, which are all centrally managed by Treasury. For these areas, ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

Internal Audit

Risk management processes throughout The Group are audited by the internal audit function that examines both the adequacy of the procedures and The Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Committee and subsidiary Boards' Audit Committees.

Risk measurement and reporting systems

The Group's risks are measured using methods, which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by The Group. These limits reflect the business strategy and market environment of The Group as well as the level of risk that The Group is willing to accept, with additional emphasis on selected industries and geographies. Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information, which consists of several reports, is presented and explained to the EMC, the ALCO, and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, and liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout The Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, The Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within The Group. The effectiveness of hedges is assessed by The Group Risk Management and Finance units (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by The Group Market Risk Unit monthly.

The Group actively uses collateral to reduce its credit risks.

34.3 Liquidity risk

Liquidity and funding risk (Liquidity risk) is the risk that The Group may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they come due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Group's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are all addendums to The Group's Ultimate Parent and will identify distinctions within the Caribbean. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management are the responsibilities of the Board, Enterprise Risk Committee - Risk and Governance and the Asset and Liability Committee for The Group. The liquidity management process for The Group is carried out by the Treasury department of each business unit and monitored by Treasury - and ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. RBC Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

The Board and ALCO for The Group regularly review information on liquidity positions for each entity operating within The Group as well as on a consolidated level. ALCO annually reviews and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. Regulatory metrics include reserve requirements and Liquidity Coverage Ratio applicable to a few of the Caribbean Islands and Internal measurements for liquidity risk is performed monthly via internally defined Net Cash Flow. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. For example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. To manage liquidity risk within The Group's liquidity risk appetite, we set limits on various metrics over a range of time horizons, jurisdictions and currencies. The Group also consider various levels of stress conditions in our development of appropriate

34 Financial risk management (continued)

34.3 Liquidity risk (continued)

contingency, recovery and resolution plans. The Group's liquidity risk measurement and control activities cover multiple areas:

Tactical (shorter-term) liquidity risk

To address potential immediate cash flows risks in times of stress, we use short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally-derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk

To guide our secured and unsecured wholesale term funding activities, we employ an Internal Liquidity Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk

Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Liquidity Contingency Plan (LCP) is maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, The Group's Liquidity Crisis Teams (LCTs) each meet at least annually or more as required to assess our liquidity status, and review the LCPs. During times of stress, provide linkages to the front line and other functions to support effective and coordinated crisis management and oversight. The Group's LCTs include members from key primary stakeholders including GRM. The liquidity status assessment and monitoring process informs management, ALCO and the Board of our assessment of internal and external events and their potential implications on liquidity risk.

34.3.1 Non-derivative cash flows

Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and short term instruments	8,666,425	-	-	-	-	8,666,425
Balances with central banks	9,365,610	-	-	-	-	9,365,610
Gross loans	6,096,833	1,198,834	2,184,746	11,076,005	9,994,632	30,551,050
Allowance for credit losses and unearned interest	-	-	-	-	-	(467,226)
Securities	1,157,081	1,327,791	2,372,935	3,171,437	403,510	8,432,754
Due from associates and affiliated companies	461,519	-	-	256,388	-	717,907
Other assets	412,110	907	497	127	-	413,641
	26,159,578	2,527,532	4,558,178	14,503,957	10,398,142	57,680,161
Liabilities						
Due to banks	67,753	-	-	-	-	67,753
Customers' deposits	43,820,238	674,043	1,066,613	969,414	789	46,531,097
Other funding instruments	8,479	-	-	-	-	8,479
Due to associates and affiliated companies	696,949	13	305,226	-	-	1,002,188
Other liabilities	682,714	14,069	30,914	171,103	35,405	934,205
	45,276,133	688,125	1,402,753	1,140,517	36,194	48,543,722
Liquidity gap	(19,116,555)	1,839,407	3,155,425	13,363,440	10,361,948	9,136,439
Cumulative gap	(19,116,555)	(17,277,148)	(14,121,723)	(758,283)	9,603,665	

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2023						
Assets						
Cash and short term instruments	6,841,132	-	-	-	-	6,841,132
Balances with central banks	9,970,418	-	-	-	-	9,970,418
Gross loans	5,603,475	1,087,889	1,934,382	9,849,591	9,707,189	28,182,526
Allowance for credit losses	-	-	-	-	-	(453,579)
Securities	4,063,738	5,340,174	1,974,729	2,652,978	448,533	14,480,152
Due from associates and affiliated companies	432,672	-	-	12,206	248,000	692,878
Other assets	63,198	1,162	1,335	-	-	65,695
	26,974,633	6,429,225	3,910,446	12,514,775	10,403,722	59,779,222
Liabilities						
Due to banks	211,199	-	-	-	-	211,199
Customers' deposits	43,285,930	499,720	1,047,682	912,789	1,208	45,747,329
Other funding instruments	8,610	-	-	-	-	8,610
Other borrowed funds	-	-	-	-	215	215
Due to associates and affiliated companies	3,216,473	635,872	-	-	-	3,852,345
Other liabilities	64,854	11,483	23,668	173,813	56,375	330,193
	46,787,066	1,147,075	1,071,350	1,086,602	57,798	50,149,891
Liquidity gap	(19,812,433)	5,282,150	2,839,096	11,428,173	10,345,924	9,629,331
Cumulative gap	(19,812,433)	(14,530,283)	(11,691,187)	(263,014)	10,082,910	

The following table provides remaining contractual maturity analysis of our financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows of all financial liabilities (e.g., par value or amount payable upon maturity). The amounts do not reconcile directly with those in our Consolidated Statement of Financial Position as the table incorporates only cash flows relating to payments on maturity and do not recognize premiums, discounts or mark-to-market adjustments.

	Due on demand ($'000)	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total contractual cash flows ($'000)
As at October 31, 2024					
Financial liabilities					
Due to banks	67,753	-	-	-	67,753
Customers' deposits	41,579,533	4,055,041	1,012,177	814	46,647,565
Other funding instruments	10,208	-	-	-	10,208
Due to associates and affiliated companies	388,288	613,900	-	-	1,002,188
Other liabilities	3,213	725,210	170,373	35,409	934,205
	42,048,995	5,394,151	1,182,550	36,223	48,661,919
As at October 31, 2023					
Financial liabilities					
Due to banks	176,970	32,282	-	-	209,252
Customers' deposits	40,932,372	3,964,909	954,213	858	45,852,352
Other funding instruments	8,610	1,599	-	-	10,209
Other borrowed funds	-	-	-	215	215
Debt securities in issue	-	-	-	-	-
Due to associates and affiliated companies	984,549	2,867,893	-	-	3,852,442
Other liabilities	-	100,005	173,813	56,375	330,193
	42,102,501	6,966,688	1,128,026	57,448	50,254,663

34 Financial risk management (continued)

34.3 Liquidity risk (continued)

34.3.2 Contingent liabilities and commitments

The table below summarizes The Group's contingent liabilities and commitments based on contractual maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Guarantees and letters of credit	245,975	32,701	90,325	369,001
Credit commitments	6,708,096	160,450	223,378	7,091,924
Capital commitments	1,504	-	-	1,504
	6,955,575	193,151	313,703	7,462,429
As at October 31, 2023				
Guarantees and letters of credit	232,333	23,268	85,445	341,046
Credit commitments	5,876,537	184,282	535,573	6,596,392
Capital commitments	2,642	-	-	2,642
	6,111,512	207,550	621,018	6,940,080

34.4 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department.

Trading portfolios include those portfolios arising from market-making transactions where The Group acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of The Group's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from The Group's amortised and FVOCI securities.

34.4.1 Market risk measurement techniques

The major measurement technique used by The Group to measure and control market risk is stress testing.

The Group applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on The Group's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

34.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from Group Risk Management (GRM). The Board approves the risk appetite for IRRBB, and the Caribbean Banking Asset Liability Committee (ALCO) and GRM provide ongoing governance through IRRBB risk policies, limits, operating standards and other controls. IRRBB reports are reviewed monthly by GRM, ALCO, and quarterly by the Board.

IRRBB measurement

To monitor and control IRRBB, we assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios, and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarios on projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. EVE is measured as the difference in net present value of assets minus liabilities plus the net value of off-balance sheet items. In measuring EVE risk, scenario valuation techniques are applied to detailed spot position data. NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour on non-maturity deposits and product pricing with consideration of possible forward-looking changes. All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

Market risk measures – IRRBB Sensitivities

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency ($'000)	Hard Currency ($'000)	Local Currency ($'000)	Hard Currency ($'000)
As at October 31, 2024				
Impact before tax				
100 bps increase in rates	(5,209)	(20,936)	(17,110)	(3,357)
100 bps decrease in rates	14,422	21,666	17,110	3,357
As at October 31, 2023				
Impact before tax				
100 bps increase in rates	(26,114)	(12,731)	(20,865)	(7,982)
100 bps decrease in rates	35,222	13,249	20,865	7,982

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises The Group's exposure to interest rate repricing risk. It includes The Group's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one-year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Assets					
Cash and short term instruments	7,783,605	-	-	882,820	8,666,425
Balances with central banks	663,046	-	-	8,702,564	9,365,610
Gross loans	21,987,941	4,241,371	4,056,182	265,556	30,551,050
Allowance for credit losses and unearned interest	-	-	-	(467,226)	(467,226)
Securities	4,907,823	3,168,992	336,978	18,961	8,432,754
Due from associates and affiliated companies	372,244	256,388	-	89,275	717,907
Other assets	22,448	-	-	391,193	413,641
Total financial assets	35,737,107	7,666,751	4,393,160	9,883,143	57,680,161
Liabilities					
Due to banks	24,970	-	-	42,783	67,753
Customers' deposits	18,785,237	967,310	267	26,778,283	46,531,097
Other funding instruments	4,226	-	-	4,253	8,479
Due to associates and affiliated companies	438,072	-	-	564,116	1,002,188
Other liabilities	58,421	3,230	1,052	871,502	934,205
Total financial liabilities	19,310,926	970,540	1,319	28,260,937	48,543,722
Interest sensitivity gap	16,426,181	6,696,211	4,391,841		
As at October 31, 2023					
Assets					
Cash and short term instruments	5,535,136	-	-	1,305,996	6,841,132
Balances with central banks	3,515,419	-	-	6,454,999	9,970,418
Loans	18,842,640	3,834,568	4,848,831	202,908	27,728,947
Securities	11,381,570	2,650,838	429,030	18,714	14,480,152
Due from associates and affiliated companies	392,769	12,206	248,000	39,903	692,878
Other assets	21,399	-	-	161,614	183,013
Total financial assets	39,688,933	6,497,612	5,525,861	8,184,134	59,896,540

34 Financial risk management (continued)

34.4 Market risk (continued)

34.4.2 Interest rate risk (continued)

Interest sensitivity of assets and liabilities to repricing risk (continued)

	Up to one-year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2023 (continued)					
Liabilities					
Due to banks	123,831	-	-	87,368	211,199
Customers' deposits	21,324,651	13,781,091	1,208	10,640,379	45,747,329
Other funding instruments	8,610	-	-	-	8,610
Other borrowed funds	-	-	215	-	215
Due to associates and affiliated companies	2,465,569	635,872	-	750,904	3,852,345
Other liabilities	36,670	3,960	318	289,245	330,193
Total financial liabilities	23,959,331	14,420,923	1,741	11,767,896	50,149,891
Interest sensitivity gap	15,729,602	(7,923,311)	5,524,120		

34.4.3 Maturity and rate sensitivity

The table below summarises The Group's loans and securities categorized by the earlier of contractual repricing or maturity dates.

	Up to one-year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Retail	1,828,107	991,143	963,885	3,783,135
Commercial / corporate	12,136,261	3,123,296	1,977,870	17,237,427
Mortgages	8,267,934	126,999	1,135,555	9,530,488
Gross loans	22,232,302	4,241,438	4,077,310	30,551,050
Securities:				
Securities at FVTPL	55,415	2,621	31,130	89,166
Securities FVOCI	281,060	304,621	345,868	931,549
Securities held-to-collect at amortized cost	4,553,005	2,876,340	-	7,429,345
Gross securities	4,889,480	3,183,582	376,998	8,450,060
As at October 31, 2023				
Loans:				
Retail	1,697,298	1,078,918	391,802	3,168,018
Commercial / corporate	10,596,292	2,633,647	2,500,067	15,730,006
Mortgages	6,970,428	134,711	2,179,947	9,285,086
Gross loans	19,264,018	3,847,276	5,071,816	28,183,110
Securities:				
Securities at FVTPL	51,530	3,930	28,138	83,598
Securities FVOCI	1,666,355	287,112	393,540	2,347,007
Securities held-to-collect at amortized cost	9,696,649	2,378,753	-	12,075,402
Gross securities	11,414,534	2,669,795	421,678	14,506,007

The table below summarises The Group's lending portfolio by interest rate sensitivity.

	Fixed rate ($'000)	Floating rate ($'000)	Non-rate sensitive ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Retail	1,998,583	1,770,376	14,176	3,783,135
Commercial/ corporate	5,979,304	11,119,549	138,574	17,237,427
Mortgages	1,252,174	8,182,099	96,215	9,530,488
Gross loans	9,230,061	21,072,024	248,965	30,551,050
As at October 31, 2023				
Loans:				
Retail	2,428,502	723,922	15,594	3,168,018
Commercial/ corporate	5,583,206	9,838,052	308,748	15,730,006
Mortgages	1,103,404	8,015,828	165,854	9,285,086
Gross loans	9,115,112	18,577,802	490,196	28,183,110

34.4.4 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is affected by changing prices of equity instruments designated as fair value through other comprehensive income with fair value movements recognised in other comprehensive income attributable to The Group. The exposure is not significant to The Group.

34.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

34.5.1 Concentrations of currency risk – financial instruments on and off Consolidated Statement of Financial Position

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets, US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Currency exposure resides mainly in trading activity. The table below summarises The Group's exposure to foreign currency exchange rate risk.

	TTD ($'000)	USD ($'000)	XCD ($'000)	ANG ($'000)	BBD ($'000)	Other ($'000)	Total ($'000)
As at October 31, 2024							
Assets							
Cash and short term instruments	1,128,164	6,927,908	17,935	102,366	87,743	402,309	8,666,425
Balances with central banks	3,091,529	245,757	-	2,944,716	3,078,621	4,987	9,365,610
Loans	11,757,461	6,826,025	-	4,781,787	3,150,741	3,567,810	30,083,824
Securities	2,932,425	4,541,864	-	19,024	936,491	2,950	8,432,754
Due from associates and affiliated companies	270,701	372,035	-	3,226	3,269	68,676	717,907
Other assets	302,179	69,727	-	6,629	10,495	24,611	413,641
Total financial assets	19,482,459	18,983,316	17,935	7,857,748	7,267,360	4,071,343	57,680,161
Liabilities							
Due to banks	16,421	20,803	2,016	15,120	6,131	7,262	67,753
Customers' deposits	17,091,668	12,311,114	-	6,835,111	6,036,631	4,256,573	46,531,097
Other funding Instruments	2,915	3,530	1,996	-	-	38	8,479
Due to associates and affiliated companies	30,584	810,482	-	923	16,463	143,736	1,002,188
Other liabilities	554,904	218,865	6,427	52,501	45,548	55,960	934,205
Total financial liabilities	17,696,492	13,364,794	10,439	6,903,655	6,104,773	4,463,569	48,543,722
Net statement of financial position	1,785,967	5,618,522	7,496	954,093	1,162,587	(392,226)	9,136,439
Credit commitments	3,765,170	1,930,720	-	125,178	928,180	342,676	7,091,924

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets, US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Currency exposure resides mainly in trading activity. The table below summarises The Group's exposure to foreign currency exchange rate risk.

	TTD ($'000)	USD ($'000)	XCD ($'000)	ANG ($'000)	BBD ($'000)	Other ($'000)	Total ($'000)
As at October 31, 2023							
Assets							
Cash and short term instruments	390,334	5,688,800	2,433	185,329	123,917	450,319	6,841,132
Balances with central banks	3,892,639	286,592	-	2,809,973	2,976,213	5,001	9,970,418
Loans	10,802,464	6,498,006	-	1,975,096	2,961,969	5,491,412	27,728,947
Securities	3,918,550	9,556,137	-	3,674	965,711	36,080	14,480,152
Due from associates and affiliated companies	269,795	335,613	-	4,573	6,650	76,247	692,878
Other assets	80,484	65,285	754	7,206	11,415	17,869	183,013
Total financial assets	19,354,266	22,430,433	3,187	4,985,851	7,045,875	6,076,928	59,896,540

34 Financial risk management (continued)

34.5 Currency risk (continued)

34.5.1 Concentrations of currency risk – financial instruments on and off Consolidated Statement of Financial Position (continued)

	TTD ($'000)	USD ($'000)	XCD ($'000)	ANG ($'000)	BBD ($'000)	Other ($'000)	Total ($'000)
As at October 31, 2023 (continued)							
Liabilities							
Due to banks	45,600	41,096	2,013	10,961	43,738	67,791	211,199
Customers' deposits	17,426,603	12,162,118	-	3,328,730	5,814,730	7,015,148	45,747,329
Other funding Instruments	3,054	3,525	1,993	-	-	38	8,610
Other borrowed funds	-	-	-	-	215	-	215
Due to associates and affiliated companies	17,711	3,369,240	-	754	7,803	456,837	3,852,345
Other liabilities	203,680	37,340	1,668	36,347	32,018	19,140	330,193
Total financial liabilities	17,696,648	15,613,319	5,674	3,376,792	5,898,504	7,558,954	50,149,891
Net statement of financial position	1,657,618	6,817,114	(2,487)	1,609,059	1,147,371	(1,482,026)	9,746,649
Credit commitments	3,808,199	1,650,774	-	303,543	785,376	48,500	6,596,392

34.5.2 Foreign currency exchange risk

Analysis was conducted to determine the sensitivity to reasonable possible movements of select currencies against the Trinidad and Tobago dollar (TT dollar) to which The Group had significant exposure at October 31 in respect of its assets and liabilities holding all other variables constant. The results revealed that as at October 31, 2024, if the TT dollar had weakened 2% (2023 – 2%) against the US dollar currency, Eastern Caribbean dollar, Cayman dollar, Antillean guilders and Aruba Florin with all other variables held constant, profit before tax for the year would have been $1 million higher (2023 – $9 million higher) and other components of equity would have been $68 million higher (2023 – $58 million higher).

34.6 Credit risk

Credit risk is the risk that The Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral reviews. Counterparty limits for corporate and commercial counterparties are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. For the retail portfolio, The Group has stringent lending criteria, which include conservative debt service coverage, loan to value ratios and stability of earnings. These exposures are continuously monitored to identify any change in the credit worthiness of the borrower. The credit quality review process allows The Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

34.6.1 Credit risk management

a) Loans

The Group measures the credit risk of loans and advances to corporate and commercial customers and to banks at the counterparty level using an internal risk-rating matrix. The ratings are generated by combining weighted financial and statistical criteria with credit officer judgement, which is mapped against established internal benchmarks at the time credit is granted. The Group risk rating is seven tiered as shown below and reflects the perceived counterparty risk. This means that, in principle, exposures migrate between levels as the assessment of their riskiness changes. The risk weightings and internal benchmarks are consistently reviewed and upgraded as necessary.

Group's rating	Description of the grade	Credit quality
1	Excellent	High grade
2	Very good	High grade
3	Good	Standard grade
4	Special mention	Substandard grade
5	Unacceptable	Past due or impaired
6	Bad and doubtful	Past due or impaired
7	Virtual certain loss	Past due or impaired

b) Debt securities and other bills

For debt securities and other bills, external ratings such as Standard & Poor's rating or their equivalents are used by The Group Risk Management Unit for managing credit risk exposures.

34.6.2 Risk limit control and mitigation policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances to customers are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its periodic review of loan accounts in arrears.

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to The Group (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where The Group requires margin deposits from counterparties.

Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by The Group on behalf of a customer authorizing a third party to draw drafts on The Group up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

34.6.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	Gross maximum exposure 2024 ($'000)	2023 ($'000)
Credit risk exposures relating to financial assets on the Consolidated Statement of Financial Position are as follows:		
Due from banks	2,430,576	2,749,535
Treasury bills	5,433,675	3,309,452
Balances with central banks	9,365,610	9,970,418
Loans	30,551,050	28,183,110
Securities at FVTPL	89,166	83,598
Securities at FVOCI	898,745	2,314,977
Securities at amortised cost	7,429,345	12,075,402
Due from associates and affiliated companies	717,907	692,878
Other assets	413,641	183,013
	57,329,715	59,562,383
Credit risk exposures relating to financial assets not on the Consolidated Statement of Financial Position are as follows:		
Contingent liabilities (financial guarantees and letters of credit)	369,001	341,046
Credit commitments	7,091,924	6,596,392
	7,460,925	6,937,438
Total credit risk exposure	64,790,640	66,499,821

The above table represents a worst-case scenario of credit risk exposure to The Group without taking account of any collateral held or other credit enhancement attached.

34 Financial risk management (continued)

34.6 Credit risk (continued)

34.6.4 Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down The Group's main credit exposure of loans and advances as categorized by industry sectors of counterparties.

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Consumer	12,615,005	11,293,612
Manufacturing	240,072	222,073
Distribution	967,802	774,877
Financial services	7,540,869	7,952,585
Transport	701,403	329,540
Construction	1,522,177	1,289,382
Petroleum	359,191	251,333
Agriculture	34,631	84,022
Real estate	2,961,815	3,188,406
Tourism	502,643	613,944
Professional services	272,669	511,788
Utilities	569,720	370,415
Health services	454,540	461,572
Government	22,880,224	26,357,678
Other	5,706,954	5,861,156
	57,329,715	59,562,383

34.6.5 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty and by industry sector. The maximum credit exposure to any client or counterparty as at October 31, 2024 was $17,219 million (2023: $17,612 million) before taking account of collateral or other credit enhancements.

34.6.6 Credit quality by class of financial assets

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	POCI ($'000)	Total ($'000)
As at October 31, 2024					
Treasury bills	5,433,675	-	-	-	5,433,675
Due from banks	2,430,576	-	-	-	2,430,576
Balances with central banks	9,365,610	-	-	-	9,365,610
	17,229,861	-	-	-	17,229,861
Loans:					
Retail	3,679,720	69,441	33,974	-	3,783,135
Commercial/corporate	15,974,353	791,692	471,382	-	17,237,427
Mortgages	8,999,321	301,001	230,166	-	9,530,488
Loans (gross)	28,653,394	1,162,134	735,522	-	30,551,050
Securities:					
FVTPL (including trading):					
Government	3,933	-	-	-	3,933
Corporate	85,233	-	-	-	85,233
FVOCI:					
Government	200,936	-	-	697,809	898,745
Amortised cost:					
Government	6,515,740	-	-	-	6,515,740
Corporate	913,605	-	-	-	913,605
Securities (gross)	7,719,447	-	-	697,809	8,417,256
Due from associates and affiliated companies	717,907	-	-	-	717,907
Other assets	413,641	-	-	-	413,641
Total	54,734,250	1,162,134	735,522	697,809	57,329,715

For those exposures that are stage 2 the majority are rated between standard (good) to excellent which is high grade.

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	POCI ($'000)	Total ($'000)
As at October 31, 2023					
Treasury bills	3,309,452	-	-	-	3,309,452
Due from banks	2,749,535	-	-	-	2,749,535
Balances with central banks	9,970,418	-	-	-	9,970,418
	16,029,405	-	-	-	16,029,405
Loans:					
Retail	3,070,977	63,352	33,689	-	3,168,018
Commercial/corporate	14,894,852	390,294	444,860	-	15,730,006
Mortgages	8,661,305	361,021	262,760	-	9,285,086
Loans (gross)	26,627,134	814,667	741,309	-	28,183,110
Securities:					
FVTPL (including trading):					
Government	4,513	-	-	-	4,513
Corporate	79,085	-	-	-	79,085
FVOCI:					
Government	1,588,695	-	-	726,282	2,314,977
Amortised cost:					
Government	10,739,756	-	-	-	10,739,756
Corporate	1,335,646	-	-	-	1,335,646
Securities (gross)	13,747,695	-	-	726,282	14,473,977
Due from associates and affiliated companies	692,878	-	-	-	692,878
Other assets	183,013	-	-	-	183,013
Total	57,280,125	814,667	741,309	726,282	59,562,383

For those exposures that are stage 2 the majority are rated between standard (good) to excellent which is high grade.

34.6.7 Credit risk exposure on due from other banks, treasury bills, debt securities and other bills and derivative financial instruments based on The Group's internal corporate rating system

The table below presents an analysis of debt securities, treasury bills and other eligible bills by internal and equivalent rating agency designation.

	Standard & Poor's equivalent grades	2024 ($'000)	2023 ($'000)
Excellent			
AA	BB+ and higher	17,769,443	18,936,052
Very good			
A+	BB	2,627,384	4,872,429
A	BB-	382,328	148,506
Good			
A-	B+	-	442,166
B+	B	378,497	18,836
Special mention			
B	B-	4,426,963	5,716,720
C+	CCC+	-	-
Bad and doubtful			
D	CC+	-	18,293
E+	CC	-	-
Virtual certain loss			
E	CC-	-	22
Not rated	NR	62,502	350,358
		25,647,117	30,503,382

34.6.8 Repossessed collateral

Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Collateral is repossessed when The Group enforces its rights of the sale agreements over the collateral as a result of the counterparty's failure to honour their obligations to The Group. The Group's sales agreements enables The Group to commence Power of Sale proceedings where sale of the collateral is attempted first by public auction, and if unsuccessful, then through private treaty as a second option. At the beginning of the Power of Sale proceedings The Group obtains an appraisal of the collateral to certify the updated market value.

34 Financial risk management (continued)

34.7 **Capital management (continued)**

34.6.8 **Repossessed collateral (continued)**

The following table represents the nature and value of repossessed collateral for overdue debts written off, as at the date of the Consolidated Financial Statements:

	2024 ($'000)	2023 ($'000)
Land	3,843	7,676
Buildings	20,048	32,513
Motor-vehicles	4,541	3,225
	28,432	43,414

34.7 **Capital management**

Capital management is a proactive process that ensures that The Group has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

Capital adequacy and the use of regulatory capital are monitored by The Group's management, based on an internal risk assessment approach employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the various territories in which The Group operates.

The Group is governed by the risk based capital targets set by the Central Bank of Trinidad and Tobago, and are required to calculate capital ratios and capital-to-risk adjusted assets multiples using the framework adopted by the Central Bank of Trinidad and Tobago.

Under the local guidelines, adjusted qualifying capital includes core capital and supplementary capital. Core capital mainly consists of fully paid and issued share capital, audited retained earnings, statutory reserve fund, capital reserves excluding asset revaluation reserves less goodwill. Supplementary capital includes subordinated debt, asset revaluation reserves and unaudited profits. Regulatory capital ratios are calculated by dividing core capital by risk-weighted assets and qualifying capital by risk adjusted assets. The required information is filed with the authorities on a monthly or quarterly basis as prescribed by the regulator.

The Group is required to maintain regulatory capital at a minimum of 12.50% (2023: 10%). The Group's regulatory capital ratio is 26.59% (2023: 27.30%).

The table below summarises the regulatory qualifying capital ratios of the licensed entities within The Group.

	2024	2023
RBC Financial (Caribbean) Limited	27%	27%
RBC Royal Bank (Trinidad & Tobago) Limited	20%	20%
RBC Merchant Bank (Caribbean) Limited	54%	47%
RBC Trust (Trinidad & Tobago) Limited	75%	70%
West Indies Stockbrokers Limited	272%	215%
RBC Royal Bank N.V.	25%	24%
RBC Royal Bank International N.V.	117%	96%
RBC Royal Bank (Aruba) N.V.	32%	31%
RBC Investment Management (Caribbean) Limited	46%	48%
RBC Royal Bank (Barbados) Limited	41%	46%
RBC Royal Bank (Cayman) Limited	35%	34%

The licensed banking entity in Barbados is required to maintain a qualifying capital ratio (total regulatory capital to risk-weighted assets) of at least 8%. The Dutch Caribbean includes three separate capital adequacy requirements. Within Curacao and St. Maarten, RBC Royal Bank N.V. is required to maintain at least 12.5%, while RBC Royal Bank International N.V. is required to maintain at least 10% and the licensed banking entities in Aruba are required to maintain a qualifying capital ratio of at least 18%. The licensed banking entity in the Cayman Islands is required to maintain a qualifying capital ratio of at least 12%; set to increase to 13% from November 2024, while the licensed banking entities in Trinidad and Tobago are required to maintain a qualifying capital ratio of at least 12.50%.

Throughout the current year, all licensed banking entities submitted regulatory returns inclusive of calculations that complied with regulatory capital adequacy requirements applicable in each jurisdiction.

35 Fair value of financial assets and liabilities

Disclosures of fair value for financial instruments that are carried at amortized cost

The following fair value hierarchy table presents fair values of financial assets and liabilities that are carried at amortized cost, and therefore excludes financial instruments that are measured and disclosed at fair value on a recurring basis.

Financial assets and liabilities for which fair values are disclosed

	Fair value always approximates carrying value ($'000)	Fair value may not approximate carrying value ($'000)	Total fair value ($'000)	Fair value hierarchy Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2024							
Securities	421,761	6,967,586	7,389,347	5,107,262	2,015,878	13,529	7,136,669
Loans	-	29,733,968	29,733,968	-	-	29,733,968	29,733,968
Other assets	413,641	-	413,641	-	59,563	26,967	86,530
Due to banks	52,633	15,120	67,753	-	33,794	15,120	48,914
Customers' deposits	42,767,395	3,761,060	46,528,455	15,860,642	-	10,384,657	26,245,299
Other funding instruments	8,479	-	8,479	-	-	-	-
Other borrowed funds	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-	-
Other liabilities	934,205	-	934,205	-	150,016	290,628	440,644
As at October 31, 2023							
Securities	11,947,629	-	11,947,629	-	-	-	-
Loans	-	26,943,835	26,943,835	-	-	26,943,835	26,943,835
Other assets	183,013	-	183,013	-	-	-	-
Due to banks	211,199	-	211,199	-	-	-	-
Customers' deposits	42,574,428	3,202,517	45,776,945	-	-	3,202,517	3,202,517
Other funding instruments	8,610	-	8,610	-	-	-	-
Other borrowed funds	-	217	217	-	-	217	217
Debt securities in issue	-	-	-	-	-	-	-
Other liabilities	330,193	-	330,193	-	-	-	-

35 Fair value of financial assets and liabilities (continued)

Financial assets and liabilities for which fair values are disclosed (continued)

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) loans and deposits with original maturity of less than three months or payable on demand; and (ii) certain receivables and payables in other assets and other liabilities.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Loans to customers are similarly valued taking in to account credit portfolio experience. The valuation model is reviewed on an annual basis and updated as necessary to reflect portfolio experience.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Disclosures of fair value for financial instruments that are measured and disclosed at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
At October 31, 2024				
Securities at FVTPL				
Securities FVTPL classified				
Government and state-owned enterprises debt securities	-	3,933	-	3,933
Corporate debt	-	-	-	-
Money market funds	36,293	48,940	-	85,233
	36,293	52,873	-	89,166
Securities FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	200,936	-	200,936
Government and state-owned enterprises debt securities	-	-	697,809	697,809
	-	200,936	697,809	898,745
Securities FVOCI designated				
Equity securities	414	-	32,390	32,804
	414	-	32,390	32,804
	36,707	253,809	730,199	1,020,715
At October 31, 2023				
Securities at FVTPL				
Securities FVTPL classified				
Government and state-owned enterprises debt securities	-	4,513	-	4,513
Corporate debt	-	-	-	-
Money market funds	33,925	45,160	-	79,085
	33,925	49,673	-	83,598

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
At October 31, 2023 (continued)				
Securities FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	1,588,693	-	1,588,693
Government and state-owned enterprises debt securities	-	-	726,284	726,284
	-	1,588,693	726,284	2,314,977
Securities FVOCI designated				
Equity securities	428	-	31,602	32,030
	428	-	31,602	32,030
	34,353	1,638,366	757,886	2,430,605

There were no significant transfers between Level 1 and 2 in the respective periods.

Positive and negative fair value movement of Level 3 financial instruments from using reasonably possible alternative assumptions.

A financial instrument is classified as Level 3 in the fair value hierarchy if one or more of its unobservable inputs may significantly affect the measurement of its fair value. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgement. Due to the unobservable nature of the prices or rates, there may be uncertainty about valuation of these Level 3 financial instruments.

The following table summarizes the impact to fair values of Level 3 financial instruments using reasonably possible alternative assumptions. This sensitivity disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of Level 3 financial instruments. In reporting the sensitivities below, we have considered offsetting balances in instances when: (i) the move in valuation factor caused an offsetting positive and negative fair value movement, (ii) both offsetting instruments are in Level 3, and (iii) when exposures are managed and reported on a net basis. With respect to overall sensitivity, it is unlikely in practice that all reasonably possible alternative assumptions would be simultaneously realized.

	Level 3 Fair value ($'000)	Positive fair value movement from using reasonably possible alternatives ($'000)	Negative fair value movement from using reasonably possible alternatives ($'000)
As at October 31, 2024			
Securities at FVOCI	730,199	55,331	(48,816)
	730,199	55,331	(48,816)
As at October 31, 2023			
Securities at FVOCI	765,232	64,101	(59,349)
	765,232	64,101	(59,349)

Sensitivity results

As at October 31, 2024, the effects of applying other reasonably possible alternative assumptions to the Level 3 asset positions would be an increase of $55 million (2023: $64 million) and a reduction of $49 million (2023: $59 million) in fair value, of which an increase of $55 million (2023: $64 million) and a decrease of $49 million (2023: $59 million) would be recorded in other components of equity. There are nil Level 3 liability positions as at October 31, 2024 (2023: $Nil).

Total gains or losses of level 3 securities recognized in non-interest income

	Total realized / unrealized gains (losses) included in earnings			Changes in unrealized gains (losses) included in earnings for assets and liabilities for positions still held		
	Assets ($'000)	Liabilities ($'000)	Total ($'000)	Assets ($'000)	Liabilities ($'000)	Total ($'000)
For year ended October 31, 2024						
Non-interest income						
Trading (loss) / revenue	8,616	-	8,616	8,616	-	8,616
For year ended October 31, 2023						
Non-interest income						
Trading (loss) / revenue	3,160	(4)	3,156	3,160	(4)	3,156

35 Fair value of financial assets and liabilities (continued)

Level 3 valuation inputs and approaches to developing reasonable possible alternative assumptions

The following is a summary of the unobservable inputs of the Level 3 instruments and our approaches to develop reasonably possible alternative assumptions used to determine sensitivity.

Financial assets or liabilities	Sensitivity methodology
Asset-backed securities, corporate debt, government debt and municipal bonds	Sensitivities are determined based on adjusting, plus or minus one standard deviation, the bid-offer spreads or input prices if a sufficient number of prices are received, adjusting input parameters such as credit spreads or using high and low vendor prices as reasonably possible alternative assumptions.

Reconciliation of Level 3 fair value measurements of financial assets

	FVOCI ($'000)	Total ($'000)
As at October 31, 2023	757,886	757,886
Additions	1	1
Disposal (sale and redemption)	(62,483)	(62,483)
Currency translation differences	(75)	(75)
Gains from changes in fair value	34,870	34,870
As at October 31, 2024	730,199	730,199
As at October 31, 2022	780,081	780,081
Additions	2	2
Disposal (sale and redemption)	(57,480)	(57,480)
Reclassified to non current assets held for sale	(308)	(308)
Transfers to Level 3	-	-
Gains from changes in fair value	35,591	35,591
As at October 31, 2023	757,886	757,886

Financial assets classified as fair value through profit or loss

For our financial assets classified as FVTPL, we measure the change in fair value attributable to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

There were no significant changes in the fair value of the financial assets classified as FVTPL attributable to changes in credit risk during the year ended October 31, 2024, and cumulatively since initial recognition of the assets.

Net gains (losses) from financial instruments classified as fair value through profit or loss

Financial instruments classified as at FVTPL, which includes mainly trading securities are measured at fair value with realized and unrealized gains and losses recognized in Non-interest income, primarily in Trading revenue.

36 Administered funds

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets of The Group. Assets under administration/trusteeship as at October 31, 2024 totalled $83 billion (as at October 31, 2023 - $83 billion).

37 Principal subsidiaries

	Country of Incorporation	Effective Ownership 2024	Effective Ownership 2023
Banking and financial intermediation service providers:			
RBC Royal Bank (Trinidad and Tobago) Limited	Republic of Trinidad and Tobago	100%	100%
RBC Merchant Bank (Caribbean) Limited	Republic of Trinidad and Tobago	100%	100%
RBC Trust (Trinidad and Tobago) Limited	Republic of Trinidad and Tobago	100%	100%
RBC Investment Management (Caribbean) Limited	Republic of Trinidad and Tobago	100%	100%
RBC Royal Bank N.V.	Curaçao	100%	100%
RBC Royal Bank International N.V.	Curaçao	100%	100%
RBC Royal Bank (Aruba) N.V.	Aruba	100%	100%
RBC Royal Bank (Cayman) Limited	Cayman	100%	100%
RBC Royal Bank (Barbados) Limited	Barbados	100%	100%
West Indies Stockbrokers Limited	Republic of Trinidad and Tobago	100%	100%
Holding companies:			
RBC Royal Bank Holdings (Barbados) Limited	Barbados	100%	100%
RBC Royal Bank Holdings (Cayman) Limited	Barbados	100%	100%
RBC Nominee Services (Caribbean) Limited	Republic of Trinidad and Tobago	100%	100%
RBC Royal Bank Holdings (EC) Limited	St Vincent and the Grenadines	100%	100%
ABC Holdings N.V.	Curaçao	100%	100%
ABC International N.V.	Aruba	100%	100%

Royal Bank

Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

Managing Director's Report

RBC Royal Bank (Trinidad & Tobago) Limited (the Bank) reported a net income of $326.0 million, representing an increase of $49.9 million compared to the prior year's $276.1 million.

The Bank's performance was underpinned by strong revenue growth, up $117.6 million or 9.4% year over year mainly from interest income as our investment portfolio and the continued growth in the loan book produced a higher return partly offset by a higher interest expense. Fee and other income were relatively stable as increases in income from our associate companies was offset by lower fees and commissions. Provisions for credit losses are up compared to the prior year, which did include releases of items provided for in the past.

The overall cost profile has also gone up year-on-year as the Bank continues to invest in specific areas to drive top-line growth.

The total assets of the Bank stood at $25.7 billion, up $188.7 million with loans to customers up $780.3 million or 6.7% whilst customer deposits were down $119.3 million, mainly from current account balances. The Bank is well capitalized with a capital ratio of 20.14%, up from 19.53% in 2023, which is well above required regulatory thresholds.

In 2024, we continued our course for the future, creating a pathway forward focused on improvement and creating simplified and exceptional client experiences. The Bank's performance reflects not only the strength of our vision but also the dedication of our employees, the trust of our clients and the continued support of all stakeholders.

Looking ahead, we are poised to navigate the evolving landscape with confidence. On behalf of the Board of Directors and executives of the Bank, I thank you for your unwavering support and look forward to another year of great achievements.

Marc Jardine
Managing Director
January 20, 2025

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of RBC Royal Bank (Trinidad & Tobago) Limited (the Bank) which comprise the statement of financial position as at October 31, 2024 and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;
- Ensuring that the Bank keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Bank's assets, detection/prevention of fraud, and the achievement of Bank operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago.

Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Bank will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Managing Director	Director Finance - Trinidad and Tobago
January 20, 2025	January 20, 2025

Independent Auditor's Report

To the shareholder of RBC Royal Bank (Trinidad and Tobago) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RBC Royal Bank (Trinidad and Tobago) Limited (the Bank) as at 31 October 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 October 2024;
- the statement of income and other 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 International Standards on Auditing (ISAs). 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 Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Directors are responsible for the other information. The other information comprises the Annual Report and the Managing Director's Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report and the Managing Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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 Bank'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 Bank'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 Bank 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
Port of Spain
Trinidad, West Indies
24 January 2025

Statement of Financial Position

	Notes	October 31, 2024 ($'000)	October 31, 2023 ($'000)
Assets			
Cash and short term instruments	3	3,456,629	1,850,694
Balances with central bank	4	3,054,967	3,855,315
Loans	6	12,355,298	11,575,004
Securities	7	5,152,487	6,454,734
Investment in associate company	8	55,600	48,806
Due from associates and affiliated companies	29	787,153	913,168
Intangible assets	9	12,442	24,841
Premises and equipment	10	248,343	218,625
Corporation tax recoverable		87,275	87,275
Deferred tax assets	11	134,386	133,721
Other assets	12	305,897	299,547
Total assets		25,650,477	25,461,730
Liabilities			
Due to banks		16,765	34,482
Customers' deposits	13	21,130,486	21,249,736
Post-retirement benefit obligations	14	233,437	241,575
Due to associates and affiliated companies	29	714,190	595,604
Deferred tax liabilities	11	8,335	10,332
Current income tax liabilities		50,494	52,803
Other liabilities	15	610,419	616,604
Total liabilities		22,764,126	22,801,136
Equity			
Stated capital	16	403,970	403,970
Statutory reserve	17	836,070	836,070
Other components of equity	18	(19,834)	(20,295)
Retained earnings		1,666,145	1,440,849
Total equity		2,886,351	2,660,594
Total equity and liabilities		25,650,477	25,461,730

The notes form an integral part of these financial statements.

On January 20, 2025 the Board of Directors of RBC Royal Bank (Trinidad and Tobago) Limited authorised these financial statements for issue.

Director Director

Statement of Income and Other Comprehensive Income

	Notes	Year ended October 31, 2024 ($'000)	2023 ($'000)
Interest income	19	1,068,341	940,740
Interest expense	20	(31,513)	(22,781)
Net interest income		1,036,828	917,959
Non-interest income	21	334,129	335,355
Total revenue		1,370,957	1,253,314
Non-interest expenses	22	(859,736)	(843,809)
Provision for credit losses on loans to customers, net of recoveries	6.1	(36,184)	(598)
Provision for credit losses on off balance sheet items		(1,362)	(1,153)
Release of credit losses on securities		8,132	7,455
Total non-interest expenses		(889,150)	(838,105)
Share of profit of associate company	8	9,317	7,445
Net income before taxation		491,124	422,654
Taxation expenses	24	(165,113)	(146,558)
Net income after taxation		326,011	276,096
Other comprehensive income, net of taxes:			
Items that may be reclassified subsequently to profit or loss:			
Net unrealized gains/ (losses) on securities at fair value through other comprehensive income		624	(1,319)
Tax impact		(218)	462
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-retirement benefit obligations	14.4	(662)	10,111
Net realized gains on sale of equity securities		485	-
Tax impact		232	(3,539)
Other comprehensive income for the year, net of taxes		461	5,715
Total comprehensive income for the year		326,472	281,811

The notes form an integral part of these financial statements.

Statement of Changes in Equity

	Notes	Stated capital ($'000)	Statutory reserve ($'000)	Other components of equity ($'000)	Retained earnings ($'000)	Total equity ($'000)
Balance at October 31, 2023		403,970	836,070	(20,295)	1,440,849	2,660,594
Other comprehensive income		-	-	461	-	461
Net income attributable to shareholders		-	-	-	326,011	326,011
Total comprehensive income		-	-	461	326,011	326,472
Dividends	25	-	-	-	(100,715)	(100,715)
Balance at October 31, 2024		403,970	836,070	(19,834)	1,666,145	2,886,351
Balance at October 31, 2022		403,970	836,070	(26,010)	1,164,753	2,378,783
Other comprehensive income		-	-	5,715	-	5,715
Net income attributable to shareholders		-	-	-	276,096	276,096
Total comprehensive income		-	-	5,715	276,096	281,811
Balance at October 31, 2023		403,970	836,070	(20,295)	1,440,849	2,660,594

The notes form an integral part of these financial statements.

Statement of Cash Flows

	Notes	Year ended October 31, 2024 ($'000)	2023 ($'000)
Net income before taxation		491,124	422,654
Adjustment for:			
Depreciation/amortisation		51,222	53,758
Post-retirement benefit expense/(write-back)		9,757	(3,269)
Gain on disposal of premises and equipment		-	(9,744)
Net unrealized (gains)/losses		(743)	2,218
Release of provision for credit losses on securities		(8,132)	(7,455)
Provision for /(release of) credit losses on loans to customers net of recoveries		23,486	(16,562)
Share of profits of associate company		(9,317)	(7,445)
Operating income before changes in operating assets and liabilities		557,397	434,155
(Increase)/decrease in operating assets:			
Balance with Central Bank		691,428	4,619
Loans to customers		(803,780)	(768,143)
Interest receivable		(10,136)	(21,198)
Other assets		3,786	(1,256)
Due from affiliated companies		126,015	166,042
Increase/(decrease) in operating liabilities:			
Due to banks		(17,717)	18,019
Customers' deposits		(119,250)	(662,084)
Due to affiliated companies		118,586	(89,299)
Interest payable on customers' deposits		6,278	(6,198)
Other liabilities		(38,764)	55,953
Taxes and levies paid		(167,602)	(116,556)
Cash generated from / (used) in operating activities		346,241	(985,946)
Investing activities			
Purchase of securities		(5,477,939)	(6,439,489)
Proceeds from sale of securities		6,790,170	7,016,051
Additions to premises and equipment and intangible assets		(33,869)	(17,484)
Proceeds from disposal of premises and equipment		-	13,702
Cash provided by investing activities		1,278,362	572,780
Financing activities			
Dividends paid	25	(100,715)	-
Repayment of debt securities in issue		-	(300,000)
Principal elements of lease payments		(26,873)	(26,546)
Cash used in financing activities		(127,588)	(326,546)
Net increase /(decrease) in cash and cash equivalents		1,497,015	(739,712)
Cash and cash equivalents at beginning of year		3,330,715	4,070,427
Cash and cash equivalents at end of year	5	4,827,730	3,330,715
Interest received		1,058,205	919,543
Interest paid		(25,235)	(28,979)

The notes form an integral part of these financial statements.

Royal Bank

RBC Royal Bank (Trinidad and Tobago) Limited

Notes to the Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

1 Incorporation and business activities of the Company

RBC Royal Bank (Trinidad and Tobago) Limited (the "Bank") was incorporated in the Republic of Trinidad and Tobago on July 26, 1971. It is a wholly owned subsidiary of RBC Financial (Caribbean) Limited which is also incorporated in the Republic of Trinidad and Tobago. The address of its registered office is 7-9 St. Clair Avenue, St. Clair, Port-of-Spain, Trinidad. The ultimate parent company is the Royal Bank of Canada, which is incorporated in Canada.

The Bank offers a complete range of banking and financial intermediary services to customers in Trinidad and Tobago.

The Bank has a 25% interest in an associated company, Infolink Services Limited, whose principal activity is the provision of automatic banking machine reciprocity.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these financial statements are summarized below. These accounting policies conform, in all material respects, to IFRS. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

Basis of preparation

Statement of compliance

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

2 Summary of material accounting policies, estimates and judgements (continued)

Historical cost convention (continued)

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- post-retirement benefit obligation measured at fair value.

Basis of measurement

The financial statements are prepared in Trinidad and Tobago dollars.

Use of estimates and assumptions

In preparing our Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities, pensions and other post-employment benefits, income taxes and other intangible assets, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgements

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

• Leases	Note 2
• Revenue recognition	Note 2, Note 21
• Fair value of financial instruments	Note 2, Note 31
• Allowance for credit losses	Note 2, Note 6
• Employee benefits	Note 2, Note 14
• Share-based compensation	Note 2, Note 23
• Intangible assets	Note 2, Note 9
• Application of the effective interest method	Note 2
• Derecognition of financial assets	Note 2
• Income taxes	Note 2, Note 11
• Litigation Provisions	Note 2, Note 26

Changes in accounting policies

IFRS 17 Insurance Contracts (IFRS 17)

In May 2017, the IASB issued IFRS 17 to establish a comprehensive insurance standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held and will replace the existing IFRS 4 Insurance Contracts (IFRS 4). In June 2020, the IASB issued amendments to IFRS 17, including deferral of the effective date by two years. This new standard is effective for us on November 1, 2023 and is to be applied retrospectively with comparatives restated beginning November 1, 2022.

Under IFRS 17, insurance contracts are contracts under which we accept significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Embedded derivatives, investment components and promises to provide non-insurance services, provided specific criteria are met, are separated from the measurement of insurance and reinsurance contracts. Insurance and reinsurance contracts are aggregated into portfolios that are subject to similar risks and are managed together, and then divided into groups based on the period of issuance and expected profitability. However, based on RBC Royal Bank (Trinidad and Tobago) Limited's assessment, a nil impact to the books is anticipated at this time.

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 classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for us on November 1, 2026. We are currently assessing 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, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for us on November 1, 2027. We are currently assessing the impact of adopting this standard on our Financial Statements.

Amendments to Disclosure of Accounting Policies

The IASB issued *Disclosure of Accounting Policies* which amended IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* (the Amendment). The Amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The Amendment is effective for us on November 1, 2023. The adoption of this Amendment did not have a material impact on our Financial Statements.

Other material accounting policies

The following accounting policies are applicable to all periods presented:

Investment in associates

Our investment in an associated corporation over which we have significant influence is accounted for using the equity method. Under the equity method of accounting, investments are initially recorded at cost, and the carrying amount is increased or decreased to recognize our share of the investee's net profit or loss, subsequent to the date of acquisition.

Classification of financial assets

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

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

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

All other debt instruments are measured at FVTPL.

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

Business model assessment

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

- How the economic activities of the businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 30, and the activities taken to manage those risks;
- Historical and future expectations of sales of the loans and securities managed as part of a business model; and
- The compensation structures for managers of the businesses within the Bank, to the extent that these are directly linked to the economic performance of the business model.

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

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

SPPI assessment

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Securities

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

Investment securities include all securities classified as FVOCI and amortized cost.

Investment securities carried at amortized cost are measured using the effective interest rate method, and are presented net of any allowance for credit losses, calculated in accordance with the Bank's policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in net interest income. Impairment gains or losses recognized on amortized cost securities are recorded in provision for credit losses. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of sale is recorded as a net gain (loss) on investment securities in non-interest income.

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

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

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

Assets purchased under reverse repurchase agreements

We purchase securities under agreements to resell (reverse repurchase agreements) and take possession of these securities. The market value of the securities purchased and additional collateral is monitored and obtained when appropriate. We have the right to liquidate the collateral held in the event of counterparty default. Reverse repurchase agreements are treated as collateralized lending transactions. The securities received under reverse repurchase agreements are not recognized on the Statement of Financial Position, unless the risks and rewards of ownership are obtained. Reverse repurchase agreements are carried on the Statement of Financial Position at the amounts at which the securities were initially acquired. Interest earned on reverse repurchase agreements is included in interest income, in the Statement of Income.

Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category subsequently.

Financial assets designated as FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in non-interest income.

Financial liabilities designated as FVTPL are initially recorded at fair value and fair value changes attributable to changes in our own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in our own credit risk are recorded in non-interest income. Upon initial recognition, if we determine that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in our debt designated as at FVTPL is recognized in net income. To make that determination, we assess whether we expect that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument. The determination is made at initial recognition and is not reassessed.

To determine the fair value adjustments on our financial liabilities designated as at FVTPL, we calculate the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Derivatives

Derivatives are primarily used in trading activities. Derivatives are also used to manage our exposure to interest, currency, credit and other market risks. The most frequently used derivative products are interest rate and foreign exchange swaps, options, futures, and forward rate agreements, equity swaps and credit derivatives. All derivative instruments are initially recorded on our Statement of Financial Position at fair value.

When derivatives are embedded in other financial instruments or host contracts, such combinations are known as hybrid instruments. Some of the cash flows of a hybrid instrument vary in a way similar to a stand-alone derivative. If the host contract is a financial asset within the scope of IFRS 9, the classification and measurement criteria are applied to the entire hybrid instrument as described in the Classification of financial assets section of Note 2.

If the host contract is a financial liability or an asset that is not within the scope of IFRS 9, embedded derivatives are separately recognized if the economic characteristics and risks of the embedded derivative are not clearly and closely related to the host contract, unless an election has been made to apply the fair value option, as described above. The host contract is accounted for in accordance with the relevant standards. When derivatives are used in trading activities, the realized and unrealized gains and losses on these derivatives are recognized in non-interest income. Derivatives with positive fair values are presented as Derivative assets and derivatives with negative fair values are reported as Derivative liabilities. In accordance with our policy for offsetting financial assets and financial liabilities, the net fair value of certain derivative assets and liabilities are reported as an asset or liability, as appropriate. Valuation adjustments are included in the fair value of Derivative assets and Derivative liabilities. Premiums paid and premiums received are part of Derivative assets and Derivative liabilities, respectively.

Loans

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

Interest on loans is recognized in Interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into Non-interest income over the commitment or standby period. Prepayment fees on mortgage loans are not included as part of the effective interest rate at origination. If prepayment fees are received on a renewal of a mortgage loan, the fee is included as part of the effective interest rate; and if not renewed, the prepayment fee is recognized in interest income at the prepayment date.

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

Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, securities, interest-bearing deposits with banks and accounts receivable. ACL on financial assets is disclosed in the notes to the financial statements. Provision for credit losses (PCL) on debt securities measured at FVOCI is booked to the Statement of Other Comprehensive Income and the ACL on debt securities measured at FVOCI is presented in other components of equity on the Statement of Financial Position. Financial assets carried at amortized cost are presented net of ACL on the Statement of Financial Position. Provision for credit losses (PCL) on amortized cost instruments are recognized directly in the Statement of Income.

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

We measure the ACL at each Statement of Financial Position date according to a three-stage expected credit loss impairment model:

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

- Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset.

- Impaired financial assets
  - Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset.

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in provision for credit losses. Write-off and recoveries are recorded against allowance for credit losses.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the Statement of Financial Position date. Judgement is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the allowances from period to period that significantly affects the results of operations.

Measurement of expected credit losses

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

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

Expected life

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

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption are credit cards balances. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

Assessment of significant increase in credit risk

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

Our assessment of significant increases in credit risk remains largely the same and is based on factors such as delinquency status and whether or not the account is watch-listed and managed by the special loans group.

If any of the following conditions is met, the instrument is moved from Stage 1 to Stage 2:

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

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

Use of forward looking information

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

Further details on our forward looking assumptions and scenarios as at October 31, 2024 are provided in Note 6.1.

Scenario design

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers five distinct future macroeconomic scenarios. Scenarios and scenario weights are set at the Enterprise level; considering the RBC baseline forecast and reasonable downside and upside assumptions. Scenarios are global in nature and include predictions of macroeconomic conditions in North America, Europe and the Caribbean. Having scenarios and scenario weights set at the enterprise level allows RBC to have a consistent view of macroeconomic scenarios across business lines and legal entities.

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

Definition of default

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

Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each Statement of Financial Position date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, which could occur during the same reporting period as the migration from Stage 3 to Stage 2.

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, the accrual is calculated by applying the effective interest rate to the carrying amount, which is recorded on the Statement of Financial Position. The discount resulting from the impact of time delays in collecting principal (time value of money) is established and recorded through provision for credit losses.

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Individually assessed loans (Stage 3)

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

Individually-assessed allowances are established in consideration of a range of possible outcomes, to the extent relevant to the circumstances of the specific borrower being assessed. Assumptions used in estimating expected future cash flows reflect current and expected future economic conditions based on expert credit judgement.

Significant judgment is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Collectively assessed loans (Stage 3)

Loans that are collectively assessed are grouped on the basis of similar risk characteristics, taking into account loan type, geographic location, collateral type, past due status and other relevant factors.

The collectively-assessed ACL reflects: (i) the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and (ii) the impact of time delays in collecting principal and /or interest (time value of money).

The expected amount of principal and interest that will be collected is estimated on a loan-by-loan basis and references historical loss experience of comparable portfolios with similar credit risk characteristics, adjusted for the current environment and expected future conditions. A portfolio-specific coverage ratio is applied against the impaired loan balance in determining the collectively assessed ACL. The time value of money component is calculated using discount factors that represent the expected recovery pattern of the comparable groups of loans. The discount factors reflect the historical experience of these groups adjusted for current and expected future economic conditions and/or industry factors. Significant judgment is required in assessing evidence of credit impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Write-off of loans

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

Modifications

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows. The treatment of such modifications is primarily based on the process undertaken to execute the renegotiation and the nature and extent of the expected changes to result. Modifications can be tracked through the original financial asset or result in derecognition of the original financial asset and recognition of a new financial asset. A modified financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. A modified financial asset will migrate out of Stage 3 if the conditions that led to it being identified as credit-impaired are no longer present and relate objectively to an event occurring after the original credit-impairment was recognized. A modified financial asset will migrate out of Stage 2 when it no longer satisfies the relative thresholds set to identify significant increases in credit risk, which are based on changes in days past due and other qualitative considerations.

If a modification of terms does not result in derecognition of the financial asset, the carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate and a gain or loss is recognized only if material. The financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. The financial asset continues to be monitored for significant increases in credit risk and credit-impairment.

If a modification of terms results in derecognition of the original financial asset and recognition of the new financial asset, the new financial asset will generally be recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. For the purposes of assessing for significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

Determination of fair value

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

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

The level of accuracy is determined over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. We have a systematic and consistent approach to control model use. Valuation models are approved for use within our model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and sets parameters for its use. All models are revalidated regularly.

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

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 we have 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 are inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value. Where observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgement is required in the determination of the model used, the selection of model inputs, and in some cases, the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable.

Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market-risk valuation adjustments for such inputs and other model-risk valuation adjustments are assessed in all such instances.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Interest

Interest is recognized in Interest income and Interest expense in the Statement of Income and Other Comprehensive Income for all interest bearing financial instruments using the effective interest method. 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 net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Revenue recognition

Revenue is recognized when control of a service transfers to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognized the revenue as each performance obligation is satisfied.

The Bank adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar. The Bank reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of the Bank's contracts that are identical or have similar contractual terms (for example standardized banking agreements with retail customers), the expedient is applied to many of the Bank's current revenue streams.

In addition, the Bank does not adjust for the effects of a significant financing component for contracts with a 12 months or less expected time difference between when we the transfer the service to the customer and the receipt of the contract consideration.

The Bank expenses incremental costs to obtain a contract if the expected amortization period of the asset the Bank otherwise would have recognized is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortization, is 12 months or less.

Income which falls under the scope of revenue recognition is not netted off against related expense with the exception of credit card fees and commissions. The Bank does not incur material costs to obtain contracts with customers such as sales commissions.

Commissions and fees

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

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

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

Trust and investment management related fees, which includes 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 and are received monthly, quarterly, semi-annually or annually, depending on the terms of the contract.

Investment management and custodial fees are generally derived from assets under management (AUM) when our 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.

Mutual fund revenue is derived as a percentage of the daily net asset value (NAV) of the mutual funds under management with each mutual fund having a management fee rate based on an approved fee structure. 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.

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

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalized on initial recognition. For financial assets and financial liabilities measured at amortized cost, capitalized transaction costs are amortized through net interest income over the estimated life of the instrument using the effective interest method.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Statement of Financial Position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and short term instruments

Cash and short term instruments comprise cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition. Cash and short term instruments with central banks are included within balances with central banks.

Derecognition of financial assets

Financial assets are derecognized from our Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred.

When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized from our Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognize the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows. We derecognize transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in Other assets in our Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognized in other liabilities in our Statement of Financial Position.

Derecognition of financial liabilities

We derecognize a financial liability from our Statement of Financial Position when our obligation specified in the contract expires, or is discharged or cancelled. We recognize the difference between the carrying amount of a financial liability transferred and the consideration paid in our Statement of Income and Other Comprehensive Income.

Guarantees

Financial guarantee contracts are contracts that contingently require us to make specified payments (in cash, other assets or provision of services) to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Bank has equal and offsetting claims against its customers in the event of a call on these commitments.

Employee benefits – Pensions and other post-employment benefits

Our defined benefit pension expense, which is included in Non-interest expense, consists of the cost of employee pension benefits for the current years' 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 liability, 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 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. 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 plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement 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 our pension and other post-employment plans, the discount rate is determined by reference to market yields on

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Employee benefits – Pensions and other post-employment benefits (continued)

high quality government 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 in the respective countries of our plans, may differ from actual experience as country specific 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 we recognize. Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in Non-interest expense.

Share–based compensation

The Bank offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, the Bank's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as Non-interest expense in the Statement of Income and Other Comprehensive Income with a corresponding change in other liabilities. Compensation expense is recognized in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy

Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Statement of Income.

Income taxes

Income tax comprises current tax and deferred tax and is recognized in our Statement of Income and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. A deferred income tax asset or liability is determined for each temporary difference, except for earnings related to our associates and where the temporary differences will not reverse in the foreseeable future and we have the ability to control the timing of reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied. The Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carry forwards are included on the Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized; this review involves evaluating both positive and negative evidence.

We are subject to income tax laws in the jurisdiction where we operate, and the complex tax laws are potentially subject to different interpretations by the taxation authority and the Bank. Significant judgement is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of our tax positions to determine our tax provision, which includes our best estimate of tax positions that are under audit or appeal by taxation authority. We perform a review on a quarterly basis to incorporate our best assessment based on information available, but additional liability and income tax expense could result based on decisions made by the tax authority.

The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Statement of Financial Position, and also deferred tax expense in our Statements of Income and Other Comprehensive Income.

The Bank complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions, contingent liabilities and contingent assets for uncertain tax positions. The Bank is subject to income tax laws in the jurisdiction where the Bank operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of the Bank's tax positions, which includes the Bank's best estimate of tax positions that are under audit or appeal by taxation authority. The Bank performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of the Bank's tax positions by the taxation authority.

The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. The amendments introduce, with immediate effect, a temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of the international tax reform. The Bank has not applied this exception and has instead amended all deferred taxes with the new rates as applicable. The impact is immaterial to the Bank.

Other intangibles

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination or generated internally. Intangible assets acquired through a business combination are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite-life are amortized on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years; and customer relationships – 7 years. We do not have any intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating units (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives. Discount rates are based on the bank-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized in Non-interest expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the Statement of Income and Other Comprehensive Income in the period in which they are incurred.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in non-interest income in the Statement of Income and Other Comprehensive Income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets classified as securities, such as equity instruments, that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Premises and equipment

Premises and equipment includes land, buildings, leasehold improvements, computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs.

Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are:

- 25 to 50 years for freehold properties,
- 5 to 50 years for leasehold properties,
- 3 to 10 years for computer equipment,
- 5 to 15 years for furniture, fixtures and other equipment.
- The amortization period for leasehold improvements is the lesser of the useful life of the leasehold improvements or the lease term plus the first renewal period, if reasonably assured of renewal, up to a maximum of 10 years.
- Land is not depreciated. Gains and losses on disposal are recorded in non–interest income.

Premises and equipment are assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs and test for impairment at the CGU level. An impairment charge is recorded to the extent the recoverable amount of an asset (or CGU), which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset (or CGU). Fair value less costs of disposal is the amount obtainable from the sale of the asset (or CGU) in an orderly transaction between market participants, less costs of disposal.

After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount. Right-of-use assets are also included in premises and equipment.

Leases

At inception of a contract, the Bank assesses whether a contract is or contains a lease. A lease is an agreement whereby the lessor conveys to the lessee the right to obtain substantially all of the economic benefits from, and direct the use of, an identified asset for a period of time in return for consideration in the form a payment or series of payments.

When we are the lessee in a lease arrangement, we initially record a right-of-use asset and corresponding lease liability, except for short-term leases and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are unspecialized, common, technologically unsophisticated, widely available, and widely used non-infrastructure assets. For short-term leases and leases of low-value assets, we record the lease payments as an operating expense on a straight-line basis over the lease term.

Where we are reasonably certain to exercise extension and termination options, they are included in the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at our incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method, recorded in interest expense.

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for lease payments made on or before the commencement date, initial direct costs incurred, and an estimate of costs to dismantle, remove, or restore the asset, less any lease incentives received. Costs related to dismantling are capitalized as part of the leasehold improvement asset (rather than the right-of-use-asset of the lease) when the leasehold improvements are separately capitalized.

The right-of-use asset is depreciated to the earlier of the lease term and the useful life, unless ownership will transfer to the Bank or we are reasonably certain to exercise a purchase option, in which case the useful life of the right-of-use asset is used. The Bank applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in the premises and equipment accounting policies in these Financial Statements.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when we have 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 judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. We record provisions related to litigation, asset retirement obligations and other items. Provisions are recorded under other liabilities on our Statement of Financial Position.

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.

Dividend income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Stated capital

We classify a financial instrument that we issue as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

Comparative information

Where necessary comparative information has been adjusted to conform to the presentation in the current year.

3 Cash and short term instruments

	2024 ($'000)	2023 ($'000)
Cash on hand	430,172	363,348
Treasury bills	2,412,856	608,300
Due from other banks	613,601	879,046
	3,456,629	1,850,694

Cash on hand represents cash held in tellers' tills, vaults and cash dispensing machines.

Treasury bills have original maturities up to three months.

Due from other banks are deposits held with other banks on demand or for fixed periods up to three months.

4 Balances with Central Bank

Balances with central banks include monetary reserves, which are deposits that are not available for use in the Bank's daily operations, cash balances and certificates of deposits held with central banks.

In accordance with the Financial Institutions Act, 2008, every licensee is required to maintain a monetary reserve with the Central Bank of Trinidad & Tobago which is based on a ratio to customer deposits and other specified liabilities of that institution in such form and to such extent as the Central Bank may prescribe from time to time.

	2024 ($'000)	2023 ($'000)
Monetary reserves	1,683,866	2,375,294
Cash balances	1,371,101	1,480,021
	3,054,967	3,855,315

At October 31, 2024, the primary reserve requirement was 10% (2023 – 14%) of specific deposit liabilities. This balance is held in a non-interest bearing reserve account.

5 Cash and cash equivalents

	2024 ($'000)	2023 ($'000)
Cash and short term instruments (Note 3)	3,456,629	1,850,694
Cash balances at Central Bank (Note 4)	1,371,101	1,480,021
	4,827,730	3,330,715

6 Loans

	2024 ($'000)	2023 ($'000)
Retail	2,497,558	2,099,604
Commercial/corporate	6,843,957	6,496,585
Mortgages	3,253,578	3,195,124
Gross loans	12,595,093	11,791,313
Allowance for credit losses (Note 6.1)	(239,795)	(216,309)
	12,355,298	11,575,004
Stage 1	11,724,223	11,189,790
Stage 2	499,155	313,923
Stage 3	371,715	287,600
Gross loans	12,595,093	11,791,313
Current	2,710,900	2,298,050
Non-current	9,884,193	9,493,263
	12,595,093	11,791,313

6.1 **Allowance for credit losses**

	Balance at beginning of period ($'000)	Provision for credit losses ($'000)	Net write-offs ($'000)	Exchange rate and other ($'000)	Balance at end of period ($'000)
For the year ended October 31, 2024					
Retail	24,443	8,277	(7,726)	(119)	24,875
Commercial/corporate	170,461	22,557	878	(3,815)	190,081
Mortgages	21,405	5,350	(271)	(1,645)	24,839
	216,309	36,184	(7,119)	(5,579)	239,795
Undrawn loan commitments	14,652	(317)	-	-	14,335
For the year ended October 31, 2023					
Retail	21,588	12,861	(9,861)	(145)	24,443
Commercial/corporate	192,968	(17,550)	(4,099)	(858)	170,461
Mortgages	18,315	5,287	(538)	(1,659)	21,405
	232,871	598	(14,498)	(2,662)	216,309
Undrawn loan commitments	12,530	2,122	-	-	14,652

The following tables reconcile the opening and closing allowance for credit losses for loans and commitments, by stage.

Reconciling items include the following:

- Model Changes reflects the impact of updates during the year to the models used to derive an estimate of credit losses. There were no updates to the existing models during the reporting period or the prior period.
- Transfers between stages, which are presumed to occur before any corresponding remeasurements.
- Purchases and originations, which reflect the newly recognized assets and the related allowance during the period.
- Derecognitions and maturities, which reflect the assets and related allowance derecognized during the period without a credit loss being incurred.
- Remeasurements for allowances, which comprise of the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time. For gross carrying amounts, this represents additional draws, repayments, and the accrual of interest under the effective interest method.
- Write-offs represent the closure/ elimination of a loan balance when there is no realistic prospect of recovery.
- Recoveries are the collection of cash or cash equivalents for a loan balance previously written-off.
- Exchange rate and other. This category includes the unwinding of the impact of time delays in collecting principal and/or interest (time value of money).

	For the year ended October 31, 2024 Allowance for Credit Losses ($'000)			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Retail				
Balance at beginning of period	7,278	4,725	12,440	24,443
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1,393	(1,109)	(284)	-
Transfers in (out) to Stage 2	(91)	811	(720)	-
Transfers in (out) to Stage 3	(34)	(195)	229	-
Purchases and originations	2,285	-	-	2,285
Derecognitions and maturities	(766)	(501)	(1,767)	(3,034)
Remeasurements	(1,612)	1,398	9,240	9,026
Write-offs	-	-	(11,738)	(11,738)
Recoveries	-	-	4,012	4,012
Exchange rate and other	-	-	(119)	(119)
Balance at end of period	8,453	5,129	11,293	24,875
Commercial/corporate				
Balance at beginning of period	48,827	10,409	111,225	170,461
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	2,065	(1,614)	(451)	-
Transfers in (out) to Stage 2	(1,573)	2,224	(651)	-
Transfers in (out) to Stage 3	(462)	(1,420)	1,882	-
Purchases and originations	10,391	-	-	10,391
Derecognitions and maturities	(5,563)	(867)	(5,899)	(12,329)
Remeasurements	(8,984)	11,249	22,230	24,495
Write-offs	-	-	(2,815)	(2,815)
Recoveries	-	-	3,693	3,693
Exchange rate and other	-	-	(3,815)	(3,815)
Balance at end of period	44,701	19,981	125,399	190,081
Mortgages				
Balance at beginning of period	3,733	4,798	12,874	21,405
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1,501	(1,501)	-	-
Transfers in (out) to Stage 2	(33)	1,867	(1,834)	-
Transfers in (out) to Stage 3	(29)	(643)	672	-
Purchases and originations	489	-	-	489
Derecognitions and maturities	(168)	(136)	(2,072)	(2,376)
Remeasurements	(1,677)	(372)	9,286	7,237
Write-offs	-	-	(271)	(271)
Recoveries	-	-	-	-
Exchange rate and other	-	-	(1,645)	(1,645)
Balance at end of period	3,816	4,013	17,010	24,839
Total				
Balance at beginning of period	59,838	19,932	136,539	216,309
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	4,959	(4,224)	(735)	-
Transfers in (out) to Stage 2	(1,697)	4,902	(3,205)	-
Transfers in (out) to Stage 3	(525)	(2,258)	2,783	-
Purchases and originations	13,165	-	-	13,165
Derecognitions and maturities	(6,497)	(1,504)	(9,738)	(17,739)
Remeasurements	(12,273)	12,275	40,756	40,758
Write-offs	-	-	(14,824)	(14,824)
Recoveries	-	-	7,705	7,705
Exchange rate and other	-	-	(5,579)	(5,579)
Balance at end of period	56,970	29,123	153,702	239,795

6 Loans (continued)

6.1 **Allowance for credit losses (continued)**

	For the year ended October 31, 2023 Allowance for Credit Losses ($'000)			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Retail				
Balance at beginning of period	7,008	3,769	10,811	21,588
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1,316	(1,045)	(271)	-
Transfers in (out) to Stage 2	(87)	467	(380)	-
Transfers in (out) to Stage 3	(30)	(273)	303	-
Purchases and originations	1,914	-	-	1,914
Derecognitions and maturities	(768)	(342)	(3,678)	(4,788)
Remeasurements	(2,075)	2,149	15,661	15,735
Write-offs	-	-	(14,930)	(14,930)
Recoveries	-	-	5,069	5,069
Exchange rate and other	-	-	(145)	(145)
Balance at end of period	7,278	4,725	12,440	24,443
Commercial/corporate				
Balance at beginning of period	44,475	10,717	137,776	192,968
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	2,216	(1,899)	(317)	-
Transfers in (out) to Stage 2	(625)	2,684	(2,059)	-
Transfers in (out) to Stage 3	(83)	(1,009)	1,092	-
Purchases and originations	13,640	-	-	13,640
Derecognitions and maturities	(5,396)	(4,227)	(5,370)	(14,993)
Remeasurements	(5,400)	4,143	(14,940)	(16,197)
Write-offs	-	-	(4,496)	(4,496)
Recoveries	-	-	397	397
Exchange rate and other	-	-	(858)	(858)
Balance at end of period	48,827	10,409	111,225	170,461
Mortgages				
Balance at beginning of period	4,096	5,411	8,808	18,315
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1,535	(1,535)	-	-
Transfers in (out) to Stage 2	(65)	1,145	(1,080)	-
Transfers in (out) to Stage 3	(8)	(901)	909	-
Purchases and originations	514	-	-	514
Derecognitions and maturities	(180)	(393)	(2,139)	(2,712)
Remeasurements	(2,159)	1,071	8,573	7,485
Write-offs	-	-	(538)	(538)
Recoveries	-	-	-	-
Exchange rate and other	-	-	(1,659)	(1,659)
Balance at end of period	3,733	4,798	12,874	21,405
Total				
Balance at beginning of period	55,579	19,897	157,395	232,871
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	5,067	(4,479)	(588)	-
Transfers in (out) to Stage 2	(777)	4,296	(3,519)	-
Transfers in (out) to Stage 3	(121)	(2,183)	2,304	-
Purchases and originations	16,068	-	-	16,068
Derecognitions and maturities	(6,344)	(4,962)	(11,187)	(22,493)
Remeasurements	(9,634)	7,363	9,294	7,023
Write-offs	-	-	(19,964)	(19,964)
Recoveries	-	-	5,466	5,466
Exchange rate and other	-	-	(2,662)	(2,662)
Balance at end of period	59,838	19,932	136,539	216,309

Based on our collections policies, substantially all of the amounts written off during the period are still subject to enforcement activities at year end.

Key inputs and assumptions:

The measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions. The key drivers of changes in expected losses under the IFRS 9 model include our internal historical default rates, changes in credit quality, real GDP growth rates and non-energy GDP (for Trinidad and Tobago entities).

Our base scenario considers the existing economic conditions in the Caribbean and the moderating of real GDP growth in 2024-2026 as economies revert to their steady state. The downside scenarios consider potential recessions with different levels of severity. The upside scenario reflects slightly stronger economic growth than the base scenario.

In arriving at the real and non-energy GDP growth rates, we incorporate external agencies such as IMF and Central Banks projections as well as the actual historic results of GDP growth in the Caribbean.

To assess the reasonableness of our GDP rates, if we amended Year 1 of the calendar quarter forecast of relevant GDP growth rates per territory used in the base case model to estimate the allowance for credit losses, the base case allowance for credit losses will move as follows:

- A 100 basis points increase will lower the allowance for credit losses by $5.7 million (2023- $4.9 million)
- A 100 basis points decrease will increase the allowance for credit losses by $6.1 million (2023- $5.3 million)

Further details on the key inputs and assumptions used as at October 31, 2024 are provided in Note 2 and Note 6.2.

The following table compares our probability-weighted estimate of expected credit losses for performing loans to expected credit losses estimated in our base case scenario. Results reflect the Stage 1 and Stage 2 allowance for credit losses.

	Carrying value ($'000)	Base Scenario ($'000)
As at October 31, 2024		
ACL on performing loans [(1)]	86,093	76,141
As at October 31, 2023		
ACL on performing loans [(1)]	79,770	67,627

[(1)] Represents Stage 1 and Stage 2 ACL loans, acceptances and commitments.

Transfers between stages

The following table illustrates the impact of staging on our ACL by comparing our allowance if all performing loans were in Stage 1 to the actual ACL recorded on these assets.

	As at October 31, 2024 ($'000)	As at October 31, 2023 ($'000)
Performing loans [(1)]		
ACL - all performing loans in Stage 1	59,104	61,111
Impact of staging	26,989	18,659
Stage 1 and 2 ACL	86,093	79,770

[(1)] Represents loans, acceptances and commitments in Stage 1 and Stage 2.

Staging is based on 30 days past due, centrally managed accounts, retail loans receiving business as usual deferrals granted by our collections team, loans of clients who had a prior default during the last three years and increases in probability of default at the loan level.

6.2 **Loan modifications**

Relief provided to clients has been on a case by case basis as requested by the client. In some cases, the original terms of the associated loans are renegotiated or otherwise modified, resulting in changes to the contractual terms of the loans that affect the contractual cash flows. The terms were not substantially different and as such the original loans were not derecognised. For the year ended October 31, 2024, the amortized cost of Stage 2 and Stage 3 loans whose contractual terms were modified was $60 million (2023: $756 million), resulting in no material modification gains or losses.

7 Securities

Carrying value of securities

The following table presents the contractual maturities of the carrying values of securities held at the end of the period.

	Term to maturity [1]						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
As at October 31, 2024							
Fair value through profit or loss [2]							
Government and state owned enterprises debt	-	-	-	3,933	-	-	3,933
Money market funds	-	-	-	-	-	16,020	16,020
	-	-	-	3,933	-	16,020	19,953
Fair value through other comprehensive income							
Treasury bills and treasury notes [3]							
Amortized cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	
Government and state-owned enterprises debt [3]							
Amortized cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
Equities [4]							
Cost	-	-	-	-	-	69	69
Fair value	-	-	-	-	-	240	240
	-	-	-	-	-	240	240
Amortized Cost [5]							
Amortized cost	400,776	2,237,854	2,493,664	-	-	-	5,132,294
Fair value	400,932	2,243,024	2,463,306	-	-	-	5,107,262
	400,776	2,237,854	2,493,664	-	-	-	5,132,294
Total carrying value of securities [1]	400,776	2,237,854	2,493,664	3,933	-	16,260	5,152,487
As at October 31, 2023							
Fair value through profit or loss [2]							
Government and state owned enterprises debt	-	-	-	4,513	-	-	4,513
Money market funds	-	-	-	-	-	15,186	15,186
	-	-	-	4,513	-	15,186	19,699
Fair value through other comprehensive income							
Treasury bills and treasury notes [3]							
Amortized cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
Government and state-owned enterprises debt [3]							
Amortized cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
Equities [4]							
Cost	-	-	-	-	-	69	69
Fair value	-	-	-	-	-	248	248
	-	-	-	-	-	248	248
Amortized Cost [5]							
Amortized cost	1,646,525	2,874,530	1,913,732	-	-	-	6,434,787
Fair value	1,646,992	2,871,262	1,845,689	-	-	-	6,363,943
	1,646,525	2,874,530	1,913,732	-	-	-	6,434,787
Total carrying value of securities [1]	1,646,525	2,874,530	1,913,732	4,513	-	15,434	6,454,734

(1) Actual maturities may differ from contractual maturities shown above since borrowers may have the right to extend or prepay obligations with or without penalties.

(2) Trading securities are recorded at fair value.

(3) Debt securities carried at fair value through other comprehensive income are presented net of allowance for credit losses.

(4) We hold equity securities designated as FVOCI as the investments are not held-for-trading purposes.

(5) Amortized cost securities, included in securities are recorded at amortized cost, and are presented net of allowance for credit losses

7.1 Unrealized gains and losses on securities at fair value through other comprehensive income

The following tables present unrealized gains and losses on securities at fair value through other comprehensive income as at the end of the period.

	Cost/ Amortized cost ($'000)	Gross unrealized gains [1] ($'000)	Gross unrealized losses [1] ($'000)	Fair value ($'000)
As at October 31, 2024				
FVOCI				
Treasury bills and treasury notes	-	-	-	-
Government and state-owned enterprises debt	-	-	-	-
Equities [2]	69	171	-	240
	69	171	-	240
As at October 31, 2023				
FVOCI				
Treasury bills and treasury notes	-	-	-	-
Government and state-owned enterprises debt	-	-	-	-
Equities [2]	69	179	-	248
	69	179	-	248

(1) Gross unrealized gains and losses include allowance for credit losses, excluding equities designated as FVOCI.

(2) Unrealized gains and losses on equities will not reclassify to profit and loss when realized.

7.2 Allowance for credit losses on securities

Significant changes in the gross carrying amount of securities at amortized cost that contributed to changes in the allowance include the following:

	2024 ($'000)	2023 ($'000)
Gross exposures		
Stage 1	5,148,318	6,459,787
Stage 2	-	-
Total securities	5,148,318	6,459,787
Less: allowance for credit losses	(16,024)	(25,000)
Securities net of expected credit losses	5,132,294	6,434,787

The following tables reconcile the opening and closing allowance for debt securities at amortized cost and FVOCI by stage. Reconciling items include the following:

- Transfers between stages, which are presumed to occur before any corresponding remeasurement of the allowance.
- Purchases and originations, which reflect the allowance related to assets newly recognized during the period.
- Derecognitions and maturities, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.
- Write-offs represent the closure/ elimination of a security balance when there is no realistic prospect of recovery.

7 Securities (continued)

7.2 Allowance for credit losses on securities (continued)

	Performing Stage 1 ($'000)	Stage 2 ($'000)	Total ($'000)
Allowance for credit losses – securities at amortized cost			
For the year ended October 31, 2024			
Balance at beginning of period	25,000	-	25,000
Provision for credit losses			
Model changes	-	-	-
Transfers in (out) to Stage 1	-	-	-
Transfers in (out) to Stage 2	-	-	-
Purchases and originations	15,863	-	15,863
Derecognitions and maturities	(2,041)	-	(2,041)
Remeasurements	(22,798)	-	(22,798)
Balance at end of period	16,024	-	16,024
For the year ended October 31, 2023			
Balance at beginning of period	31,301	-	31,301
Provision for credit losses			
Model changes	-	-	-
Transfers in (out) to Stage 1	-	-	-
Transfers in (out) to Stage 2	-	-	-
Purchases and originations	37,149	-	37,149
Derecognitions and maturities	(2,127)	-	(2,127)
Remeasurements	(41,323)	-	(41,323)
Balance at end of period	25,000	-	25,000
Allowance for credit losses – securities at FVOCI [(1)]			
For the year ended October 31, 2024			
Balance at beginning of period	151	-	151
Provision for credit losses			
Transfers in (out) to Stage 1	-	-	-
Purchases and originations	2,873	-	2,873
Derecognitions and maturities	(810)	-	(810)
Remeasurements	(1,219)	-	(1,219)
Balance at end of period	995	-	995
For the year ended October 31, 2023			
Balance at beginning of period	1,304	-	1,304
Provision for credit losses			
Transfers in (out) to Stage 1	-	-	-
Purchases and originations	1,828	-	1,828
Derecognitions and maturities	(852)	-	(852)
Remeasurements	(2,129)	-	(2,129)
Balance at end of period	151	-	151

(1) Expected credit losses on debt securities at FVOCI are not separately recognized on the Statement of Financial Position as the related securities are recorded at fair value. The cumulative amount of credit losses recognized in the Statement of Income is presented in other components of equity.

7.3 Securities at amortised cost

	2024 ($'000)	2023 ($'000)
Government and state-owned enterprises debt securities	4,569,919	5,755,389
Corporate debt securities	562,375	679,398
	5,132,294	6,434,787
Current	2,638,630	4,521,055
Non-current	2,493,664	1,913,732
	5,132,294	6,434,787

7.4 Movement in securities

	FVTPL ($'000)	FVOCI ($'000)	Amortised Cost ($'000)	Total ($'000)
As at October 31, 2023	19,699	248	6,434,787	6,454,734
Additions	-	-	5,477,939	5,477,939
Disposal (sale and redemption)	(768)	-	(6,876,160)	(6,876,928)
Gains/ (losses) from changes in fair value	969	(8)	-	961
Accretion of discount	-	-	81,687	81,687
Allowance for credit losses	-	-	8,976	8,976
Foreign exchange adjustment	53	-	5,065	5,118
As at October 31, 2024	19,953	240	5,132,294	5,152,487

	FVTPL ($'000)	FVOCI ($'000)	Amortised Cost ($'000)	Total ($'000)
As at October 31, 2022	19,659	262	7,007,457	7,027,378
Additions	-	-	6,439,489	6,439,489
Disposal (sale and redemption)	(769)	-	(7,049,240)	(7,050,009)
Gains/ (losses) from changes in fair value	626	(14)	-	612
Accretion of discount	-	-	28,816	28,816
Allowance for credit losses	-	-	6,301	6,301
Foreign exchange adjustment	183	-	1,964	2,147
As at October 31, 2023	19,699	248	6,434,787	6,454,734

8 Investment in associate company

8.1 Movement of investment in associate company

	2024 ($'000)	2023 ($'000)
Balance at beginning of year	48,806	43,428
Share of current period's profits before tax	9,317	7,445
Share of current period's tax (Note 24)	(2,523)	(2,067)
Balance at end of year	55,600	48,806

8.2 Associate company

The Bank's interest in its principal associate, which is unlisted, is as follows:

	Principal activity	Place of incorporation	Percentage of equity capital held 2024	Percentage of equity capital held 2023
Infolink Services Limited	Clearing facility for electronic funds transfer	Trinidad & Tobago	25.0%	25.0%

	2024 ($'000)	2023 ($'000)
Infolink Services Limited		
Current assets	192,187	167,112
Non-current assets	41,377	40,059
Current liabilities	(5,457)	(4,860)
Non-current liabilities	(5,706)	(7,089)
Total comprehensive income	27,179	21,510
Reconciliation to the carrying amount recognised in the financial statements:		
Net assets of associate	222,401	195,222
Proportion of ownership interest	25%	25%
Carrying amount of interest in Infolink Services Limited	55,600	48,806

9 Intangible assets

	Computer Software ($'000)	Work in Progress ($'000)	Total ($'000)
2024			
Opening net carrying value	24,841	-	24,841
Additions	-	-	-
Transfers	-	-	-
Disposals	-	-	-
Amortization	(12,399)	-	(12,399)
Closing net carrying value	12,442	-	12,442
Cost	72,417	-	72,417
Accumulated amortization	(59,975)	-	(59,975)
Net carrying value	12,442	-	12,442
2023			
Opening net carrying value	25,378	- -	25,378
Additions	-	11,303	11,303
Transfers	11,303	(11,303)	-
Disposals	-	-	-
Amortization	(11,840)	-	(11,840)
Closing net carrying value	24,841	-	24,841
Cost	72,417	-	72,417
Accumulated amortization	(47,576)	-	(47,576)
Net carrying value	24,841	-	24,841

9 Intangible assets (continued)

During the year, assets fully depreciated and retired amounted to Nil million (2023 - $31 million).

There were no contractual commitments to acquire intangible assets in 2024 or 2023.

10 Premises and equipment

	2024 ($'000)	2023 ($'000)
Premises and equipment owned (Note 10.1)	164,882	145,116
Right-of-use leased assets (Note 10.2)	83,461	73,509
	248,343	218,625

Premises and equipment consist of owned assets and right-of-use leased assets.

10.1 Premises and equipment owned

	Freehold properties ($'000)	Leasehold properties ($'000)	Leasehold improvements ($'000)	Equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2024						
Opening net book value	89,995	3,742	33,099	14,494	3,786	145,116
Additions	-	-	-	-	33,869	33,869
Transfers	-	-	-	1,525	(1,525)	-
Asset retirement obligation	-	-	1,405	-	-	1,405
Disposals	(401)	-	-	(5)	-	(406)
Depreciation charge	(2,534)	(124)	(6,831)	(5,613)	-	(15,102)
Closing net book value	87,060	3,618	27,673	10,401	36,130	164,882
At October 31, 2024						
Total cost	141,048	7,936	80,040	46,640	36,130	311,794
Accumulated depreciation	(53,988)	(4,318)	(52,367)	(36,239)	-	(146,912)
Net book value	87,060	3,618	27,673	10,401	36,130	164,882
Year ended October 31, 2023						
Opening net book value	96,365	3,870	40,257	17,586	2,919	160,997
Additions	-	-	-	-	6,181	6,181
Transfers	-	-	751	4,563	(5,314)	-
Disposals	(3,917)	-	(13)	(28)	-	(3,958)
Depreciation charge	(2,453)	(128)	(7,896)	(7,627)	-	(18,104)
Closing net book value	89,995	3,742	33,099	14,494	3,786	145,116
At October 31, 2023						
Total cost	141,450	7,937	78,958	46,901	3,786	279,032
Accumulated depreciation	(51,455)	(4,195)	(45,859)	(32,407)	-	(133,916)
Net book value	89,995	3,742	33,099	14,494	3,786	145,116

During the year, assets fully depreciated and retired amounted to $2 million (2023 - $11 million).

Impairment of property
There was no impairment in 2024 (2023 - Nil).

Assets pledged as security
There were no land and buildings pledged to secure borrowings of the Bank in 2024 or 2023.

10.2 Right-of-use leased assets

	Properties ($'000)
Year ended October 31, 2024	
Opening net book value	73,509
Additions	317
Disposals	-
Reclassifications / remeasurements	33,356
Depreciation charge	(23,721)
Closing net book value	83,461
At October 31, 2024	
Total cost	192,587
Accumulated depreciation	(109,126)
Net book value	83,461

	Properties ($'000)
Year ended October 31, 2023	
Opening net book value	102,262
Additions	270
Disposals	-
Reclassifications / remeasurements	(5,209)
Depreciation charge	(23,814)
Closing net book value	73,509
At October 31, 2023	
Total cost	158,914
Accumulated depreciation	(85,405)
Net book value	73,509

Leased assets

The Bank leases various offices, branches and other premises. These leases have various terms, escalation and renewal rights and are negotiated on an individual basis. These lease agreements do not include any clauses that impose restrictions on our ability to pay dividends, engage in debt financing transactions, or enter into further lease agreements.

Some lease contracts provide us with the option to terminate after payment of a predetermined amount, allowing us to exit the contracts prior to expiration. Extension options at the discretion of RBC are also made available to lengthen existing lease terms. We are reasonably certain to exercise extension options for certain retail locations and leases of automated teller machines (ATMs) locations. Extension options for real estate leases tend to be at market rates and subject to negotiation prior to expiration of the initial lease term and therefore are not included in the measurement of lease liabilities at the commencement of the lease.

The total cash outflow for leases for the year ended October 31, 2024 was $27 million (2023 - $27 million).

11 Deferred tax assets and liabilities

The following amounts are shown in the Statement of Financial Position:

	2024 ($'000)	2023 ($'000)
Deferred tax assets (Note 11.1)	134,386	133,721
Deferred tax liabilities (Note 11.2)	(8,335)	(10,332)
	126,051	123,389
The movement on the deferred tax account is as follows:		
At beginning of year	123,389	128,242
Effect of changes in exchange rate	(7)	(13)
Deferred tax credit/(charge) (Note 24)	2,655	(1,763)
Other comprehensive income:		
- Remeasurement of post-retirement benefit obligation	232	(3,539)
- Fair value gains/(losses) on securities	(218)	462
At end of year	126,051	123,389
Deferred tax asset and liability are attributable to the following items:		
11.1 Deferred tax assets		
Post-retirement benefits	81,703	84,551
Allowance for credit losses	37,085	37,537
Unrealised revaluation gains	7,323	3,365
Deferred revenue	4,187	4,114
Other	4,088	4,154
	134,386	133,721
11.2 Deferred tax liabilities		
Accelerated tax depreciation	(7,328)	(9,255)
Securities FVOCI	(1,007)	(1,077)
	(8,335)	(10,332)

12 Other assets

	2024 ($'000)	2023 ($'000)
Accounts receivable	11,141	12,298
Interest receivable	65,512	55,376
Items in transit	226,585	228,931
Other	2,659	2,942
	305,897	299,547
Allowance for credit losses	-	-
	305,897	299,547
Current	305,897	299,547

13 Customers' deposits

	2024 ($'000)	2023 ($'000)
Savings	12,627,698	12,351,839
Term deposits	1,039,584	798,089
Current accounts	7,463,204	8,099,808
	21,130,486	21,249,736
Sectoral analysis		
Consumers	11,103,334	11,131,647
Private sector	8,741,758	8,600,824
State sector	1,067,663	1,310,991
Other	217,731	206,274
	21,130,486	21,249,736
Current	21,128,041	21,243,718
Non-current	2,445	6,018
	21,130,486	21,249,736

14 Post-retirement benefit obligations

Plan characteristics

The Bank, through its parent, RBC Financial (Caribbean) Limited, sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by local pension committees. The pension and other post-employment plans are managed on a Group basis.

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The main defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. Our defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of an employee's annual earnings. Our other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by the Bank and valuations of the plans are performed at each fiscal year by independent actuaries. The liability in the Statement of Financial Position is allocated to all legal entities participating in the plans based on their participating membership headcount.

Risks

By their design, the defined benefit pension plans expose the Bank 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 costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

14.1 **The amounts recognised in the Statement of Financial Position are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Fair value of plan assets	-	(150)	(150)
Post-retirement benefit obligation	175,289	58,298	233,587
Liability in the Statement of Financial Position	175,289	58,148	233,437
October 31, 2023			
Fair value of plan assets	-	(151)	(151)
Post-retirement benefit obligation	173,366	68,360	241,726
Liability in the Statement of Financial Position	173,366	68,209	241,575

14.2 **The movements in the fair value of plan assets over the period are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	-	151	151
Interest income	-	9	9
Return on plan assets (excluding amounts included in interest cost)	-	(10)	(10)
Benefits paid by the Bank	-	-	-
At end of year	-	150	150
October 31, 2023			
At beginning of year	-	158	158
Interest income	-	9	9
Return on plan assets (excluding amounts included in interest cost)	-	(16)	(16)
Benefits paid by the Bank	-	-	-
At end of year	-	151	151

14.3 **The movements in the post-retirement benefit obligation over the period are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	173,366	68,360	241,726
Current service cost	829	1,425	2,254
Past service cost	-	-	-
Interest cost	10,512	3,485	13,997
Re-measurements:			
Effect of changes in demographic assumptions	3,317	(144)	3,173
Effect of changes in financial assumptions	(2,231)	(1,800)	(4,031)
Effect of experience adjustments	(1,713)	3,233	1,520
Benefits paid	(3,175)	(18,558)	(21,733)
Other	(5,616)	2,297	(3,319)
At end of year	175,289	58,298	233,587
October 31, 2023			
At beginning of year	179,494	84,107	263,601
Current service cost	902	1,593	2,495
Past service cost	-	-	-
Interest cost	10,342	4,373	14,715
Re-measurements:			
Effect of changes in demographic assumptions	(1,971)	-	(1,971)
Effect of changes in financial assumptions	(4,607)	(4,762)	(9,369)
Effect of experience adjustments	(4,000)	5,229	1,229
Benefits paid	(3,259)	(21,857)	(25,116)
Other	(3,535)	(323)	(3,858)
At end of year	173,366	68,360	241,726

14.4 **The amounts recognized in the Statement of Income and Comprehensive Income are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Current service cost	829	1,425	2,254
Past service cost	-	-	-
Net interest expense	10,512	3,485	13,997
Other – net of benefits paid	(8,791)	2,297	(6,494)
Components of defined benefit costs recognised in profit or loss	2,550	7,207	9,757
Remeasurement on the net liability:			
Effect of changes in demographic assumptions	3,317	(144)	3,173
Effect of changes in financial assumptions	(2,231)	(1,810)	(4,041)
Effect of experience adjustments	(1,713)	3,233	1,520
Return on plan assets	-	10	10
Components of defined benefit costs recognized in other comprehensive income	(627)	1,289	662
Total	1,923	8,496	10,419

14 Post-retirement benefit obligations (continued)

14.4 The amounts recognized in the Statement of Income and Comprehensive Income are as follows: (continued)

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2023			
Current service cost	902	1,593	2,495
Past service cost	-	-	-
Net interest expense	10,342	4,373	14,715
Other – net of benefits paid	(6,794)	(316)	(7,110)
Components of defined benefit costs recognised in profit or loss	4,450	5,650	10,100
Remeasurement on the net liability:			
Effect of changes in demographic assumptions	(1,971)	-	(1,971)
Effect of changes in financial assumptions	(4,607)	(4,762)	(9,369)
Effect of experience adjustments	(4,000)	5,229	1,229
Return on plan assets	-	-	-
Components of defined benefit costs recognized in other comprehensive income	(10,578)	467	(10,111)
Total	(6,128)	6,117	(11)

14.5 Investment policy and strategies

Defined benefit pension plan assets are invested prudently in order to meet our long-term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework. Factors taken into consideration in developing our asset allocation include but are not limited to the following:

(i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;

(ii) the member demographics, including 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 assets and liability volatility and correlations.

To implement our asset allocation policy, we may invest in equities and fixed income securities.

Composition of defined benefit pension plan assets

	October 31, 2024		October 31, 2023	
	Fair value ($'000)	Percentage of total plan assets	Fair value ($'000)	Percentage of total plan assets
Alternative investments	150	100%	151	100%
	150	100%	151	100%

Significant assumptions

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

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	October 31, 2024	October 31, 2023
Discount rates – medical and life	6.30%	6.20%
Discount rates – pension	6.30%	6.20%
Salary increases	2.50%	2%/2.50%
Health care cost trend rates		
- Immediate trend rate	5.00%	5.00%
- Ultimate trend rate	5.00%	5.00%

14.6 Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The following table presents the sensitivity analysis of key assumptions, holding all other factors constant:

	Increase / (decrease) in obligation	
	2024 ($'000)	2023 ($'000)
Pension plan:		
Impact of 1.0% decrease in discount rate	20,783	22,596
Impact of 1.0% increase in discount rate	(13,921)	(15,541)
Impact of 0.5% decrease in rate of increase in future compensation	(1,815)	(2,821)
Impact of 0.5% increase in rate of increase in future compensation	2,788	3,469
Impact of 1 year decrease in life expectancy	(2,218)	(2,586)
Impact of 1 year increase in life expectancy	2,537	2,636
Other post-employment plans:		
Impact of 1.0% decrease in discount rate	24,506	25,094
Impact of 1.0% increase in discount rate	(20,037)	(20,435)
Impact of 1% decrease in health care cost trend rate	(7,831)	(7,590)
Impact of 1% increase in health care cost trend rate	9,349	8,957
Impact of 1 year increase in life expectancy	148	(28)

15 Other liabilities

	2024 ($'000)	2023 ($'000)
Accruals and payables	32,342	21,778
Interest payable	7,839	1,561
Employee related costs	63,968	64,319
Deferred income	49,578	51,260
Contract liabilities [1]	11,964	11,754
Lease liabilities [2]	87,077	76,806
Allowance for credit losses (Note 26)	3,841	2,479
Items in transit	334,781	306,061
Other	19,029	80,586
	610,419	616,604
Current	544,346	556,747
Non current	66,073	59,857
	610,419	616,604

Contract liabilities [1]

The Bank derives revenue from contracts with customers in the form of annual credit card fees, which are paid for upfront by cardholders for the right to use certain RBC credit cards products. The one-time annual fee represents the transaction price received to transfer the performance obligation. However as the performance obligations transpire over time, throughout the annual period, such revenues should be recognized over the applicable annual cycle. The contract liabilities balance in the Other liabilities table represents the portion of annual fee revenue which was deferred and remained outstanding as at the Statement of Financial Position date.

Lease liabilities [2]

The Bank presents its lease liabilities within other liabilities on the Statement of Financial Position. Under IFRS 16 – Leases, lease liabilities represent the present value of the lease payments not paid. This amount is computed using the incremental borrowing rate at the inception of the lease.

16 Stated capital

	2024 ($'000)	2023 ($'000)
Issued and fully paid:		
147,428,485 ordinary shares of no par value	403,970	403,970

The total authorised number of ordinary shares at year-end was unlimited with no par value.

17 Statutory reserve

	2024 ($'000)	2023 ($'000)
Balance at end of year	836,070	836,070

The Financial Institutions Act, 2008 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of their profit after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution.

18 Other components of equity

	2024 ($'000)	2023 ($'000)
Investment revaluation reserve (Note 18.1)	3,023	2,132
General reserve	604	604
Capital reserve	45,672	45,672
Other comprehensive income: pension plan and employee benefit experience	(69,133)	(68,703)
Balance at end of year	(19,834)	(20,295)
18.1 Investment revaluation reserve – securities FVOCI		
Balance at beginning of year	2,132	2,990
Net gains/(losses) arising during the year on debt securities, net of tax	342	(108)
Net change in allowance for credit losses on securities carried at FVOCI net of tax	549	(750)
Balance at end of year	3,023	2,132

19 Interest income

	2024 ($'000)	2023 ($'000)
Loans	740,714	710,115
Securities (Note 19.1)	261,837	156,926
Due from affiliated companies	28,147	40,437
Due from banks	37,643	33,262
	1,068,341	940,740
19.1 Securities		
FVTPL	463	525
Amortised cost	261,374	156,401
	261,837	156,926

20 Interest expense

	2024 ($'000)	2023 ($'000)
Customers' deposits	28,289	19,848
Due to banks	258	103
Due to affiliated companies (Note 29)	60	36
Lease liabilities	2,906	2,278
Other interest bearing liabilities	-	516
	31,513	22,781

21 Non-interest income

The Bank derives revenue over time and at a point in time within the following categories.

	2024 ($'000)	2023 ($'000)
Non-interest income over time:		
Transaction service fees and commissions	80,090	97,450
Trust and investment management related fees	15,091	14,974
Non-interest income at a point in time:		
Credit related fees and commissions	8,953	13,877
Credit card fees and commissions net of any related expenses	25,211	24,793
Other fees and commissions	70,557	67,172
Affiliate income	64,617	47,665
Net trading income	743	-
Foreign exchange earnings	68,867	69,424
	334,129	335,355

22 Non-interest expenses

	2024 ($'000)	2023 ($'000)
Staff costs (Note 22.1)	347,780	344,513
Premises and equipment expenses excluding depreciation and operating lease rentals	60,383	61,018
Marketing and promotions	20,707	15,697
Amortization charge on intangible assets	12,399	11,840
Depreciation charge on premises and equipment	38,823	41,918
Gain on disposal of asset	-	(9,744)
Deposit insurance premium (Note 22.2)	34,953	33,916
Short-term lease expenses	16,542	18,686
Green fund levy	5,057	4,551
Directors' remuneration	388	105
Auditors' remuneration (Note 22.3)	1,884	2,580
Management fees	185,824	174,678
Sundry and fraud losses	2,345	11,004
Business and capital tax	36,338	34,443
Other operating expenses	96,313	98,604
	859,736	843,809
22.1 Staff costs		
Wages and salaries including bonuses	241,970	236,772
Employees' defined contribution pension expense	19,448	19,551
Employees' defined benefit and post-retirement benefit costs	9,757	10,100
Share option plan-value of services provided	4,863	1,991
Other staff costs	71,742	76,099
	347,780	344,513

22.2 **Deposit insurance premium**

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago stipulate that an annual premium be paid to a Deposit Insurance Fund based on insurable deposit liabilities outstanding at the end of each quarter of the preceding year.

22.3 **Audit fees**

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2024 ($'000)	2023 ($'000)
Audit of the financial statements for the year ended October 31	1,622	1,515
Other services provided to RBC Royal Bank (Trinidad & Tobago) Limited for the year ended October 31	262	1,065
	1,884	2,580

23 Share-based compensation

The Bank offers share-based compensation plans (the "Plans"), which consists of shares issued by the Group's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Bank offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from the Group's annual incentive program, all of which vest at the end of five years.

The Bank offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

23 Share-based compensation (continued)

23.1 Units granted under share-based compensation plans

The following table presents the units granted under share-based compensation plans for the year:-

	October 31, 2024		October 31, 2023	
	Units granted	Weighted average fair value per unit ($)	Units granted	Weighted average fair value per unit ($)
Performance deferred share unit plans	2,523	604	3,303	642
RBC share unit plans	-	-	190	631
	2,523	604	3,493	1,273

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses (recoveries) recognized for the year.

23.2 Obligations under share-based compensation plans

	October 31, 2024		October 31, 2023	
	Units	Carrying amount ($'000)	Units	Carrying amount ($'000)
Performance deferred share unit plans	8,394	6,907	9,926	5,361
RBC share unit plans	245	201	136	73
	8,639	7,108	10,062	5,434

23.3 Compensation expenses recognized under share-based compensation plans

	2024 ($'000)	2023 ($'000)
Performance deferred share unit plans	4,737	1,972
RBC share unit plans	271	174
	5,008	2,146

24 Taxation expense

	2024 ($'000)	2023 ($'000)
Current tax charge	166,854	142,930
Prior years	(1,609)	(202)
Net deferred tax charge/(credit) (Note 11)	(2,655)	1,763
Share of tax charge of associate company (Note 8)	2,523	2,067
	165,113	146,558
The effective tax rate for 2024 is 34% (2023: 34%)		
The tax on profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:		
Net Income before taxation	491,124	422,654
Prima facie tax calculated at a rate of 35% (2023: 35%)	171,893	147,929
Income exempt from tax	(5,651)	(2,401)
Expenses not deductible for tax	232	555
Prior years	(1,609)	(202)
Other	248	677
	165,113	146,558
The deferred tax charge for the year comprises the following temporary differences:		
Accelerated tax depreciation	1,926	(2,267)
Allowance for credit losses	(157)	(703)
Post-retirement medical benefits	(3,080)	(4,115)
Other temporary differences	3,966	5,322
	2,655	(1,763)

	2024 ($'000)	2023 ($'000)
Income tax recognized in other comprehensive income		
Deferred tax		
Arising on income and expenses recognized in other comprehensive income:		
Revaluation of securities	(218)	462
Re-measurement of post-retirement benefit obligation	232	(3,539)
	14	(3,077)

25 Dividends

During the year dividends declared and paid to immediate parent company – RBC Financial (Caribbean) Limited amounted to $100,714,500 (2023 - $Nil).

Dividends are accounted for as an appropriation of retained earnings when declared.

26 Contingent liabilities

a) **Legal proceedings**

As at October 31, 2024, there were certain legal proceedings outstanding against the Bank for which a provision has been made of $2 million based on professional advice as to the likely obligations arising from these litigation matters (2023: $2 million).

b) **Customers' liability under guarantees and letters of credit**

These represent the Bank's potential liability for drawn upon commitments under guarantees and letters of credit, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not reflected in the Statement of Financial Position.

	2024 ($'000)	2023 ($'000)
Bonds outstanding and letters of credit	239,235	203,980
Sectoral analysis		
Private sector	208,944	173,895
State sector	23,105	23,077
Consumers	6,528	6,600
Other	658	408
	239,235	203,980

Our credit review process, our policy for requiring collateral security, and the types of collateral security held are generally the same as required for loans. We believe that it is highly unlikely that all or substantially all of the guarantees and commitments will be drawn or settled within one year, and contracts may expire without being drawn or settled. Historically, we have not made any significant payments under such indemnifications.

As at October 31, 2024 allowance for credit losses for contingent liabilities amounted to $3,840,911 (2023: $2,478,861) – Note 15.

27 Credit commitments

These represent the undrawn credit facilities for which the Bank is potentially liable at year end. These include undrawn facilities on credit cards, overdrafts, bonds, letters of credit, guarantees and indemnities. These amounts are not reflected in the Statement of Financial Position.

The following table breaks down the Bank's main credit exposure of credit commitments as categorized by industry sectors of counterparties.

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Consumer	2,114,236	1,974,853
Manufacturing	107,635	111,693
Distribution	163,274	170,557
Financial services	691,020	869,327
Transport	80,841	74,425
Construction	153,965	146,162
Petroleum	78,500	88,361
Agriculture	2,586	2,520
Real estate	121,025	16,511
Tourism	14,918	8,328
Professional services	1,366	1,137
Utilities	136	659
Health services	21,923	21,570
Government	347,844	261,685
Other	495,977	649,683
	4,395,246	4,397,471

28 Capital commitments

The Bank's capital commitments primarily in respect of building renovations and information technology projects were $0.4 million (2023: $Nil).

29 Related party transactions

Related parties include the parent, RBC Financial (Caribbean) Limited and its subsidiaries, associated company, post-employment benefit plans for the benefit of our employees, key management personnel, the Board of Directors of RBC Royal Bank (Trinidad & Tobago) Limited (Directors), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

The Bank has applied the low credit risk exemption on all loans and receivables, deposits and liabilities to associate and affiliated companies as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any IFRS 9 ACL is deemed to be insignificant.

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of The Bank, directly or indirectly. They include the senior executives of the parent, RBC Financial (Caribbean) Limited called the Operating Committee (OC) and Executive Management Committee (EMC). The OC and EMC are comprised of the Head Caribbean Banking and those individuals that report directly to him, including the Chief Financial Officer, Head Human Resources, Chief Risk Officer, and heads of our business and functional units. The EMC is ultimately responsible for all material decisions.

The EMC is also responsible for establishing the overall strategic direction of the Bank and, in that regard, sets global parameters for the Bank within which the board of directors and management the Bank exercise their discretion to make decisions concerning the strategic direction and day-to-day management of the Bank. The Directors of RBC Royal Bank (Trinidad & Tobago) Limited do not plan, direct, or control the activities of the Bank; they oversee the management of the business and provide stewardship.

	2024 ($'000)	2023 ($'000)
Outstanding balances		
Due from banks, reverse repurchased assets and receivables		
Royal Bank of Canada – Ultimate Parent	5,631	4,494
Other subsidiaries of Royal Bank of Canada	350,150	322,315
Due from associates and affiliated companies	177,388	330,726
	533,169	657,535
Loans and securities		
Due from associate and affiliated companies	253,327	255,633
Directors and key management personnel	2,218	2,496
	255,545	258,129
Derivatives		
Due from affiliated company	657	-
Deposits and other liabilities		
Royal Bank of Canada – Ultimate Parent	11,587	12,640
Other subsidiaries of Royal Bank of Canada	14,350	14,333
Due to associates and affiliated companies	688,253	568,631
Directors and key management personnel	143	210
	714,333	595,814
Interest income		
Due from associates and affiliated companies	10,553	12,514
Other subsidiaries of Royal Bank Canada	17,594	27,923
Directors and key management personnel	112	110
	28,259	40,547
Non-interest income		
Due from associates and affiliated companies	64,617	47,665
	64,617	47,665
Interest expense		
Due to associates and affiliated companies	60	36
	60	36
Operating expenses		
Royal Bank of Canada – Ultimate Parent	21,654	25,522
Other subsidiaries of Royal Bank of Canada	305	303
Due to associates and affiliated companies	193,062	181,492
	215,021	207,317
Dividends paid		
Due to associates and affiliated companies	100,715	-

Compensation of key management personnel and Directors

The following table presents the compensation paid, shareholdings and options held by key management personnel and Directors.

	2024 ($'000)	2023 ($'000)
Key management compensation		
Share based payments	596	630
Salaries and other short-term benefits	4,363	3,993
	4,959	4,623

30 Financial risk management

30.1 **Statement of Financial Position - categorization**

	2024 ($'000)	2023 ($'000)
Assets		
Financial assets at fair value through profit or loss		
Securities	19,953	19,699
Financial assets at fair value through other comprehensive income		
Cash and short term instruments – treasury bills	2,412,856	608,300
Securities – equity instruments [1]	240	248
	2,413,096	608,548
Financial assets at amortised cost		
Cash on hand and due from banks	1,043,773	1,242,394
Balances with Central Bank	3,054,967	3,855,315
Loans	12,355,298	11,575,004
Securities	5,132,294	6,434,787
Due from associates and affiliated companies	787,153	913,168
Other assets	294,328	55,376
	22,667,813	24,076,044
Total financial assets	25,100,862	24,704,291
Non-financial assets	549,615	757,439
Total assets	25,650,477	25,461,730
Liabilities		
Financial liabilities at amortised cost		
Due to banks	16,765	34,482
Customers' deposits	21,130,486	21,249,736
Due to associates and affiliated companies	714,190	595,604
Other liabilities	464,129	78,367
Total financial liabilities	22,325,570	21,958,189
Non-financial liabilities	438,556	842,947
Total liabilities	22,764,126	22,801,136
Total equity	2,886,351	2,660,594
Total equity and liabilities	25,650,477	25,461,730

[1] *Securities - equity instruments designated as at FVOCI*

The Bank designated certain equity securities which are not held for trading as FVOCI. The Bank irrevocably elected to recognize the equity securities as FVOCI because the equity securities are held for the long term for strategic purposes.

The following table presents the Bank's equity instruments designated as at FVOCI at the end of the period by business category.

	Number of companies	Number of shares/units [a] ('000)	Carrying value 2024 ($'000)	Carrying value 2023 ($'000)
Business category				
Financial services	1	14	240	248
Total			240	248

[a] During the year ended October 31, 2024 there was a disposal of ExporTT equity shares designated as FVOCI portfolio 100 (2023 - Nil).

30.2 **Risk management**

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and is accountable for the risk exposures relating to its responsibilities. The Bank is exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks.

30 Financial risk management (continued)

30.2 Risk management (continued)

Risk management structure

The Board of Directors is responsible for providing oversight over the management of risks. The EMC is responsible for managing and monitoring risks.

Executive Management Committee (EMC)

The EMC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Bank's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit

A centralized Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Bank in the three key areas of credit risk, market risk and operational risk. These units are responsible for the independent oversight of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These units also ensure the risks are completely captured in the risk measurement and reporting systems.

Group Asset and Liability Committee (ALCO)

The Bank utilises the Group ALCO, who provides oversight and monitoring of the financial resources of operating entities. The committee's mandate includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the Enterprise Risk Committee – Risk and Governance and the Board, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

ALCO provides oversight and monitoring of the financial resources of operating entities. ALCO is responsible for the oversight and monitoring of the financial resources of operating entities in The Group. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts.
- business and enterprise strategies.
- risks.
- The Group's legal entity structure.
- market developments.
- accounting pronouncements, and
- competitive and regulatory environments.

Considering these dynamics, ALCO is responsible for reviewing, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and The Group's investment portfolio, which are all centrally managed by Treasury. For these areas, ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

Internal Audit

Risk management processes throughout the Bank are audited by the Group's Internal Audit function that examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board Audit Committee.

Risk measurement and reporting systems

The Bank's risks are measured using methods, which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information, which consists of several reports, is presented and explained to the EMC, the ALCO, and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, and liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Bank. The effectiveness of hedges is assessed by the Group Risk Management and Finance units (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the Group Market Risk Unit monthly.

The Bank actively uses collateral to reduce its credit risks.

30.3 Liquidity risk

Liquidity and funding risk (Liquidity risk) is the risk that The Bank may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they come due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Bank's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are all addendums to The Group's Ultimate Parent and will identify distinctions within the Caribbean. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management are the responsibilities of the Board, Enterprise Risk Committee - Risk and Governance and the Asset and Liability Committee for The Group. The liquidity management process for the Bank is carried out by the Treasury department of each business unit and monitored by Treasury and ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. RBC Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

The Board and ALCO for The Group regularly reviews information on liquidity positions for each entity operating within The Group as well as on a consolidated level. ALCO annually reviews and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. Regulatory metrics include reserve requirements and Liquidity Coverage Ratio applicable to a few of the Caribbean Islands and Internal measurements for liquidity risk is performed monthly via internally defined Net Cash Flow. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. For example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. To manage liquidity risk within The Group's liquidity risk appetite, we set limits on various metrics over a range of time horizons, jurisdictions and currencies. The Group also considers various levels of stress conditions in our development of appropriate contingency, recovery and resolution plans. The Group's liquidity risk measurement and control activities cover multiple areas:

Tactical (shorter-term) liquidity risk

To address potential immediate cash flows risks in times of stress, The Group uses short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally-derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk

To guide our secured and unsecured wholesale term funding activities, The Group employs an Internal Liquidity Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk

Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Liquidity Contingency Plan (LCP) is maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, The Group's Liquidity Crisis Teams (LCTs) each meet at least annually or more as required to assess our liquidity status, and review the LCPs. During times of stress,

30 Financial risk management (continued)

30.3 Liquidity risk (continued)

Contingency liquidity risk (continued)

provide linkages to the front line and other functions to support effective and coordinated crisis management and oversight. The Group's LCTs include members from key primary stakeholders including GRM. The liquidity status assessment and monitoring process informs management, ALCO and the Board of our assessment of internal and external events and their potential implications on liquidity risk.

30.3.1 Non-derivative cash flows

Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and short term instruments	3,456,629	-	-	-	-	3,456,629
Balances with central banks	3,054,967	-	-	-	-	3,054,967
Gross loans	2,653,664	664,116	877,561	5,088,118	3,311,634	12,595,093
Allowance for credit losses	-	-	-	-	-	(239,795)
Securities	400,776	651,518	1,586,336	2,493,664	20,193	5,152,487
Due from associates and affiliated companies	533,334	-	-	253,162	-	786,496
Other assets	294,328	-	-	-	-	294,328
	10,393,698	1,315,634	2,463,897	7,834,944	3,331,827	25,100,205
Liabilities						
Due to banks	16,765	-	-	-	-	16,765
Customers' deposits	20,730,730	123,402	273,909	2,445	-	21,130,486
Due to associates and affiliated companies	677,162	37,028	-	-	-	714,190
Other liabilities	382,597	5,176	10,283	52,341	13,732	464,129
	21,807,254	165,606	284,192	54,786	13,732	22,325,570
Liquidity gap	(11,413,556)	1,150,028	2,179,705	7,780,158	3,318,095	2,774,635
Cumulative gap	(11,413,556)	(10,263,528)	(8,083,823)	(303,665)	3,014,430	
As at October 31, 2023						
Assets						
Cash and short term instruments	1,850,694	-	-	-	-	1,850,694
Balances with central banks	3,855,315	-	-	-	-	3,855,315
Loans	2,431,736	619,940	992,705	4,497,575	3,249,357	11,791,313
Allowance for credit losses	-	-	-	-	-	(216,309)
Securities	1,646,525	1,718,841	1,155,689	1,913,732	19,947	6,454,734
Due from associates and affiliated companies	657,535	-	-	7,633	248,000	913,168
Other assets	55,376	-	-	-	-	55,376
Total financial assets less derivatives	10,497,181	2,338,781	2,148,394	6,418,940	3,517,304	24,704,291
Liabilities						
Due to banks	34,482	-	-	-	-	34,482
Customers' deposits	20,824,875	126,160	297,925	776	-	21,249,736
Due to associate and affiliated companies	549,179	36,929	-	-	-	586,108
Other liabilities	6,851	3,945	7,714	49,590	10,267	78,367
Total financial liabilities less derivatives	21,415,387	167,034	305,639	50,366	10,267	21,948,693
Liquidity gap	(10,918,206)	2,171,747	1,842,755	6,368,574	3,507,037	2,755,598
Cumulative gap	(10,918,206)	(8,746,459)	(6,903,704)	(535,130)	2,971,907	

The following table provides remaining contractual maturity analysis of our financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows of all financial liabilities (e.g., par value or amount payable upon maturity). The amounts do not reconcile directly with those in our Statement of Financial Position as the table incorporates only cash flows relating to payments on maturity and do not recognize premiums, discounts or mark-to-market adjustments.

	Due on demand ($'000)	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total contractual cash flows ($'000)
As at October 31, 2024					
Financial liabilities					
Due to banks	16,765	-	-	-	16,765
Customers' deposits	20,253,372	883,566	2,445	-	21,139,383
Due to associates and affiliated companies	620,737	93,453	-	-	714,190
Other liabilities	-	398,056	52,341	13,732	464,129
	20,890,874	1,375,075	54,786	13,732	22,334,467
As at October 31, 2023					
Financial liabilities					
Due to banks	34,482	-	-	-	34,482
Customers' deposits	20,598,451	651,766	777	-	21,250,994
Due to associates and affiliated companies	503,906	82,202	-	-	586,108
Other liabilities	-	18,510	49,590	10,267	78,367
	21,136,839	752,478	50,367	10,267	21,949,951

30.3.2 Contingent liabilities and commitments

The table below summarizes the Bank's contingent liabilities and commitments based on contractual maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Guarantees, bonds, indemnities and letters of credit	162,478	12,671	64,086	239,235
Credit commitments	4,070,306	71,262	253,678	4,395,246
Capital commitments	426	-	-	426
	4,233,210	83,933	317,764	4,634,907
As at October 31, 2023				
Guarantees, bonds, indemnities and letters of credit	136,486	7,837	59,657	203,980
Credit commitments	3,805,584	108,912	482,975	4,397,471
Capital commitments	-	-	-	-
	3,942,070	116,749	542,632	4,601,451

30.4 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department.

Trading portfolios include those portfolios arising from market-making transactions where The Group acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of The Bank's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from The Group's amortised and FVOCI securities.

30.4.1 Market risk measurement techniques

The major measurement technique used by The Bank to measure and control market risk is stress testing.

The Bank applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on The Bank's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

30.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in The Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from Group Risk Management (GRM). The Board approves the risk appetite for

30 Financial risk management (continued)

30.4 Market risk (continued)

30.4.2 Interest rate risk (continued)

Market risk controls – Interest Rate Risk in The Banking Book (IRRBB) positions (continued)

IRRBB, and the Asset Liability Committee (ALCO) and GRM provide ongoing governance through IRRBB risk policies, limits, operating standards and other controls. IRRBB reports are reviewed monthly by GRM, ALCO, and quarterly by the Board.

IRRBB measurement

To monitor and control IRRBB, the Bank assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios, and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarios on projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. EVE is measured as the difference in net present value of assets minus liabilities plus the net value of off-balance sheet items. In measuring EVE risk, scenario valuation techniques are applied to detailed spot position data. NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour on non-maturity deposits and product pricing with consideration of possible forward-looking changes. All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

Market risk measures – IRRBB Sensitivities

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency ($'000)	Hard Currency ($'000)	Local Currency ($'000)	Hard Currency ($'000)
As at October 31, 2024				
Impact before tax				
100 bps increase in rates	47,437	(21,276)	(8,484)	(7,574)
100 bps decrease in rates	(49,416)	22,044	8,484	7,574
As at October 31, 2023				
Impact before tax				
100 bps increase in rates	28,378	(2,887)	(13,591)	1,777
100 bps decrease in rates	(29,593)	2,770	13,591	(1,777)

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Bank's exposure to interest rate repricing risk. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Assets					
Cash and short term instruments	3,028,664	-	-	427,965	3,456,629
Balances with Central Bank	-	-	-	3,054,967	3,054,967
Gross loans	8,260,292	2,930,575	1,316,170	88,056	12,595,093
Allowance for credit losses	-	-	-	(239,795)	(239,795)
Securities	2,650,411	2,491,220	10,856	-	5,152,487
Due from associates and affiliated companies	533,991	253,162	-	-	787,153
Other assets	-	-	-	294,328	294,328
Total financial assets	14,473,358	5,674,957	1,327,026	3,625,521	25,100,862
Liabilities					
Due to banks	16,765	-	-	-	16,765
Customers' deposits	9,399,498	668	-	11,730,320	21,130,486
Debt securities in issue	-	-	-	-	-
Due to associates and affiliated companies	714,190	-	-	-	714,190
Other liabilities	-	-	-	464,129	464,129
Total financial liabilities	10,130,453	668	-	12,194,449	22,325,570
Interest sensitivity gap	4,342,905	5,674,289	1,327,026		
As at October 31, 2023					
Assets					
Cash and short term Instruments	1,850,694	-	-	-	1,850,694
Balances with Central Bank	-	-	-	3,855,315	3,855,315
Loans	8,528,493	2,536,454	510,057	-	11,575,004
Securities	4,534,122	1,911,215	9,397	-	6,454,734
Due from associates and affiliated companies	657,535	7,633	248,000	-	913,168
Other assets	-	-	-	55,376	55,376
Total financial assets	15,570,844	4,455,302	767,454	3,910,691	24,704,291
Liabilities					
Due to banks	34,482	-	-	-	34,482
Customers' deposits	10,279,815	10,969,921	-	-	21,249,736
Due to associates and affiliated companies	595,604	-	-	-	595,604
Other liabilities	-	-	-	78,367	78,367
Total financial liabilities	10,909,901	10,969,921	-	78,367	21,958,189
Interest sensitivity gap	4,660,943	(6,514,619)	767,454		

30.4.3 Maturity and rate sensitivity

The table below summarises the Bank's loans to customers and investment securities categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Retail	1,043,871	729,491	724,196	2,497,558
Commercial / corporate	4,078,071	2,184,612	581,274	6,843,957
Mortgages	3,226,406	16,472	10,700	3,253,578
Gross loans	8,348,348	2,930,575	1,316,170	12,595,093
Securities:				
Securities at FVTPL	6,476	2,621	10,856	19,953
Securities FVOCI	240	-	-	240
Securities held-to-collect at amortized cost	2,646,711	2,501,607	-	5,148,318
Gross securities	2,653,427	2,504,228	10,856	5,168,511
As at October 31, 2023				
Loans:				
Retail	1,213,082	749,913	136,609	2,099,604
Commercial / corporate	4,364,920	1,767,308	364,357	6,496,585
Mortgages	3,166,800	19,233	9,091	3,195,124
Gross loans	8,744,802	2,536,454	510,057	11,791,313
Securities:				
Securities at FVTPL	6,372	3,930	9,397	19,699
Securities FVOCI	248	-	-	248
Securities held-to-collect at amortized cost	4,534,235	1,925,552	-	6,459,787
Gross securities	4,540,855	1,929,482	9,397	6,479,734

30 Financial risk management (continued)

30.4 Market risk (continued)

30.4.3 Maturity and rate sensitivity (continued)

The table below summarises the Bank's lending portfolio by interest rate sensitivity.

	Fixed rate ($'000)	Floating rate ($'000)	Non-rate sensitive ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Retail	1,484,552	1,008,582	4,424	2,497,558
Commercial / corporate	3,359,013	3,407,687	77,257	6,843,957
Mortgages	27,188	3,220,015	6,375	3,253,578
Gross loans	4,870,753	7,636,284	88,056	12,595,093
As at October 31, 2023				
Loans:				
Retail	1,878,833	211,270	9,501	2,099,604
Commercial / corporate	3,269,265	3,012,221	215,099	6,496,585
Mortgages	28,914	3,117,164	49,046	3,195,124
Gross loans	5,177,012	6,340,655	273,646	11,791,313

30.4.4 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Bank is affected by changing prices of equity instruments designated as fair value through other comprehensive income with fair value movements recognised in other comprehensive income attributable to the Bank. The exposure is not significant to the Bank.

Change in price	Effect on equity 2024 ($'000)	Effect on equity 2023 ($'000)
+1%	2	2
-1%	(2)	(2)

30.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

30.5.1 Concentrations of currency risk – financial instruments on and off Statement of Financial Position

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk. Currency exposure resides mainly in trading activity. The table below summarises the Bank's exposure to foreign currency exchange rate risk.

	TTD ($'000)	USD ($'000)	XCD ($'000)	ANG ($'000)	BBD ($'000)	Other ($'000)	Total ($'000)
As at October 31, 2024							
Assets							
Cash and short term instruments	1,127,843	2,279,350	5,969	-	720	42,747	3,456,629
Balances with central banks	3,054,967	-	-	-	-	-	3,054,967
Loans	11,407,296	948,002	-	-	-	-	12,355,298
Securities	2,922,210	2,227,324	-	-	-	2,953	5,152,487
Due from associates and affiliated companies	384,127	399,322	-	33	34	3,637	787,153
Other assets	268,813	25,508	-	-	-	7	294,328
Total financial assets	19,165,256	5,879,506	5,969	33	754	49,344	25,100,862
Liabilities							
Due to banks	16,363	402	-	-	-	-	16,765
Customers' deposits	16,677,178	4,416,863	-	-	-	36,445	21,130,486
Due to associates and affiliated companies	394,722	311,392	8,076	-	-	-	714,190
Other liabilities	396,188	59,327	916	8	884	6,806	464,129
Total financial liabilities	17,484,451	4,787,984	8,992	8	884	43,251	22,325,570
Net statement of financial position	1,680,805	1,091,522	(3,023)	25	(130)	6,093	2,775,292
Credit commitments	3,600,170	755,169	-	-	-	39,907	4,395,246

	TTD ($'000)	USD ($'000)	XCD ($'000)	ANG ($'000)	BBD ($'000)	Other ($'000)	Total ($'000)
As at October 31, 2023							
Assets							
Cash and short term instruments	380,347	1,420,958	-	-	1,172	48,217	1,850,694
Balances with central banks	3,855,315	-	-	-	-	-	3,855,315
Loans	10,456,058	1,118,946	-	-	-	-	11,575,004
Securities	3,909,257	2,542,838	-	-	-	2,639	6,454,734
Due from associates and affiliated companies	540,757	369,288	-	34	13	3,076	913,168
Other assets	34,820	20,556	-	-	-	-	55,376
Total financial assets	19,176,554	5,472,586	-	34	1,185	53,932	24,704,291
Liabilities							
Due to banks	34,217	265	-	-	-	-	34,482
Customers' deposits	17,086,273	4,108,189	-	-	-	55,274	21,249,736
Due to associates and affiliated companies	314,539	280,230	835	-	-	-	595,604
Other liabilities	78,250	117	-	-	-	-	78,367
Total financial liabilities	17,513,279	4,388,801	835	-	-	55,274	21,958,189
Net statement of financial position	1,663,275	1,083,785	(835)	34	1,185	(1,342)	2,746,102
Credit commitments	3,629,637	767,834	-	-	-	-	4,397,471

30.5.2 Currency risk non-trading portfolio

The table below demonstrates the sensitivity to reasonable possible movements of the US dollar against the Trinidad and Tobago dollar to which the Bank had significant exposure in respect of its non-trading financial assets and liabilities holding all other variables constant.

	Change in currency rate in %	Effect on profit before tax ($'000)	Effect on equity ($'000)
October 31, 2024			
Currency			
USD	(1)	(4,520)	(4)
October 31, 2023			
Currency			
USD	(1)	(4,002)	(3)

30.6 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral reviews. Counterparty limits for corporate and commercial counterparties are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. For the retail portfolio, the Group has stringent lending criteria, which include conservative debt service coverage, loan to value ratios and stability of earnings. These exposures are continuously monitored to identify any change in the credit worthiness of the borrower. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

30.6.1 Credit risk management

a) Loans

The Bank measures the credit risk of loans and advances to corporate and commercial customers and to banks at the counterparty level using an internal risk-rating matrix. The ratings are generated by combining weighted financial and statistical criteria with credit officer judgement, which is mapped against established internal benchmarks at the time credit is granted. The Bank risk rating is seven tiered as shown below and reflects the perceived counterparty risk. This means that, in principle, exposures migrate between levels as the assessment of their riskiness changes. The risk weightings and internal benchmarks are consistently reviewed and upgraded as necessary.

The Bank's internal ratings scale and mapping of external ratings are as follows:

Bank's rating	Description of the grade	Credit quality
1	Excellent	High grade
2	Very good	High grade
3	Good	Standard grade
4	Special mention	Substandard grade
5	Unacceptable	Past due or impaired
6	Bad and doubtful	Past due or impaired
7	Virtual certain loss	Past due or impaired

30 Financial risk management (continued)

30.6 **Credit risk (continued)**

30.6.1 **Credit risk management** (continued)

b) Debt securities and other bills

For debt securities and other bills, external ratings such as Standard & Poor's rating or their equivalents are used by the Bank for managing credit risk exposures.

30.6.2 **Risk limit control and mitigation policies**

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans to customers are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its periodic review of loan accounts in arrears.

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of Statement of Financial Position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

30.6.3 **Maximum exposure to credit risk before collateral held or other credit enhancements**

	Gross maximum exposure	
	2024 ($'000)	**2023 ($'000)**
Credit risk exposures relating to financial assets on the Statement of Financial Position are as follows:		
Due from banks and treasury bills	3,026,457	1,487,346
Balances with Central Bank	3,054,967	3,855,315
Loans	12,595,093	11,791,313
Securities at FVTPL	19,953	19,699
Securities at amortised cost	5,148,318	6,459,787
Due from associate and affiliated companies	787,153	913,168
Other assets	294,328	-
	24,926,269	24,526,628
Credit risk exposures relating to financial assets not on the Statement of Financial Position are as follows:		
Guarantees, indemnities and letters of credit	239,235	203,980
Credit commitments	4,395,246	4,397,471
	4,634,481	4,601,451
Total credit risk exposure	29,560,750	29,128,079

The above table represents a worst-case scenario of credit risk exposure to the Bank without taking account of any collateral held or other credit enhancement attached.

30.6.4 **Concentration of risk of financial assets with credit risk exposure by industry sectors**

The following table breaks down the Bank's main credit exposure of financial assets as categorized by industry sectors of counterparties.

	Gross maximum exposure	
	2024 ($'000)	**2023 ($'000)**
Consumer	6,434,889	5,543,883
Manufacturing	44,241	85,055
Distribution	229,462	162,273
Financial services	3,097,881	3,246,848
Transport	263,491	103,491
Construction	545,858	575,523
Petroleum	229,235	87,640
Agriculture	10,230	69,778
Real estate	235,171	424,320
Tourism	2,331	2,775
Professional services	201,224	230,904
Utilities	216,952	89,189
Health services	155,548	127,719
Government	10,229,221	10,460,296
Other	3,030,535	3,316,934
	24,926,269	24,526,628

30.6.5 **Risk concentration of the maximum exposure to credit risk**

Concentration of risk is managed by client/counterparty and by industry sector. As at October 31, 2024, there are no credit exposures, taking account of collateral or other credit enhancements, which are in excess of the statutory limit of 25% of the capital base of the Bank (2023: Nil).

30.6.6 **Credit quality by class of financial assets**

	Stage 1 ($'000)	**Stage 2 ($'000)**	**Stage 3 ($'000)**	**Total ($'000)**
As at October 31, 2024				
Treasury bills	2,412,856	-	-	2,412,856
Due from banks	613,601	-	-	613,601
Balances with Central Bank	3,054,967	-	-	3,054,967
	6,081,424	-	-	6,081,424
Other assets	294,328	-	-	294,328
Loans:				
Retail	2,441,261	40,746	15,551	2,497,558
Commercial/corporate	6,174,064	374,109	295,784	6,843,957
Mortgages	3,108,898	84,300	60,380	3,253,578
Loans (gross)	11,724,223	499,155	371,715	12,595,093
Securities:				
FVTPL (including trading):				
Government	3,933	-	-	3,933
Other	16,020	-	-	16,020
Amortized cost:				
Government	4,585,460	-	-	4,585,460
Corporate	562,858	-	-	562,858
Securities (gross)	5,168,271	-	-	5,168,271
Due from associate and affiliated companies	787,153	-	-	787,153
Total	24,055,399	499,155	371,715	24,926,269

For those exposures that are stage 2 the majority are rated between standard (good) to excellent which is high grade.

30 Financial risk management (continued)

30.6 **Credit risk (continued)**

30.6.6 **Credit quality by class of financial assets (continued)**

As at October 31, 2023				
Due from banks	1,487,346	-	-	1,487,346
Balances with Central Bank	3,855,315	-	-	3,855,315
Loans to customers:				
Retail	2,047,920	34,978	16,706	2,099,604
Commercial/corporate	6,095,816	177,700	223,069	6,496,585
Mortgages	3,046,054	101,245	47,825	3,195,124
Loans (gross)	11,189,790	313,923	287,600	11,791,313
Securities:				
FVTPL (including trading):				
Government	4,513	-	-	4,513
Other	15,186	-	-	15,186
Amortized cost:				
Government	5,779,525	-	-	5,779,525
Corporate	680,262	-	-	680,262
Securities (gross)	6,479,486	-	-	6,479,486
Due from associate and affiliated companies	913,168	-	-	913,168
Total	23,925,105	313,923	287,600	24,526,628

For those exposures that are stage 2 the majority are rated between standard (good) to excellent which is high grade.

30.6.7 **Credit risk exposure on due from other banks, treasury bills, debt securities and other bills and derivative financial instruments based on the Bank's internal corporate rating system**

The table below presents an analysis of due from banks, loans to customers, debt securities, treasury bills and other eligible bills by internal and equivalent rating agency designation.

	Standard & Poor's Equivalent grades	2024 ($'000)	2023 ($'000)
Excellent			
AA	BB+	5,733,280	5,663,460
Very good			
A+	BB	1,739,330	1,200,923
A	BB-	8,256,675	7,409,150
Good			
A-	B+	4,252,001	4,112,147
B+	B	-	-
Special mention			
B	B-	4,656,031	5,879,038
C+	CCC+	-	-
Unacceptable			
C	CCC	207,981	203,427
D+	CCC-	-	-
Bad and doubtful			
D	CC+	30,122	13,590
E+	CC	-	-
Virtual certain loss			
E	CC-	50,849	44,893
		24,926,269	24,526,628

30.6.8 **Repossessed collateral**

Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Collateral is repossessed when the Bank enforces its rights of the sale agreements over the collateral as a result of the counterparty's failure to honour their obligations to the Bank. The Bank's sales agreements enables the Bank to commence Power of Sale proceedings where sale of the collateral is attempted first by public auction, and if unsuccessful, then through private treaty as a second option. At the beginning of the Power of Sale proceedings the Bank obtains an appraisal of the collateral to certify the updated market value.

The following table represents the nature and value of repossessed collateral for overdue debts written off, as at the date of the Financial Statements:

	2024 ($'000)	2023 ($'000)
Land	120	120
Buildings	134	810
	254	930

30.7 **Capital management**

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the Statement of Financial Position, are:

- To comply with the capital requirements set by the Central Bank of Trinidad and Tobago;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital management is a proactive process that ensures that the Bank has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

Capital adequacy is viewed in terms of both regulatory requirements: Tier 1 ratio, total capital ratio and single name credit exposure limits as well as projected subsidiary capital levels based on anticipated business growth and earnings forecast and internal assessment of risk using a stress-testing model. Group Treasury prepares the annual capital plan incorporating the financial goals including the capital ratio targets in alignment with the operating business plan. The Bank is committed to maintaining a sound and prudent capital structure that:

- Exceeds, with an appropriate cushion, the minimum capital requirements for the level and quality of capital set by the regulators where the Bank operates;
- Safeguards the Bank's ability to continue as a going concern by maintaining capital levels that are sufficient to support all material risks and also to support potential unexpected increases in risk;
- Promotes an integrated and streamlined approach to managing regulatory capital that is both reflective of the Bank's risk appetite and risk management practices and strongly supportive of growth strategies and performance management; and
- Reflects alignment with the Bank's risk management frameworks and policies.

Capital adequacy and the use of regulatory capital are monitored by the Bank's management, based on an internal risk assessment approach employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the country in which the Bank operates. The required information is filed with the authorities on a monthly or quarterly basis as prescribed by the regulator.

The Bank is required to maintain regulatory capital at a minimum of 12.5% (2023: 10%). The Bank's regulatory capital ratio is 20.14 % (2023: 19.53%).

The table below summarizes the composition of regulatory capital and the ratios of the Bank at the Statement of Financial Position date. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject.

	2024 ($'000)	2023 ($'000)
Tier 1 capital		
Stated capital	403,970	403,970
Statutory reserve	836,070	836,070
Capital Reserve	45,672	45,672
Retained earnings	1,666,145	1,440,849
Total qualifying Tier 1 capital	2,951,857	2,726,561
Tier 2 capital		
General reserves	604	604
General impairment	8,303	19,217
Revaluation reserve – securities	3,023	2,132
Other reserve IAS 19R	(69,134)	(68,703)
Total qualifying Tier 2 capital	(57,204)	(46,750)
Total regulatory capital	2,894,653	2,679,811
Total risk weighted assets	14,372,357	13,722,740
Regulatory capital ratio	20.14%	19.53%

31 Fair value of financial assets and liabilities

Disclosures of fair value for financial instruments that are carried at amortised cost

The following fair value hierarchy table presents fair values of financial assets and liabilities that are carried at amortized cost, and therefore excludes financial instruments that are measured and disclosed at fair value on a recurring basis.

Financial assets and liabilities for which fair value are disclosed

	Fair value always approximates carrying value ($'000)	Fair value may not approximate carrying value ($'000)	Total fair value ($'000)	Fair value hierarchy Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2024							
Loans	-	12,289,017	12,289,017	-	-	12,289,017	12,289,017
Other assets	294,328	-	294,328	-	-	-	-
Securities	-	5,107,262	5,107,262	5,107,262	-	-	5,107,262
Due to banks	16,765	-	16,765	-	-	-	-
Customers' deposits	20,252,642	875,610	21,128,252	-	-	875,610	875,610
Debt securities in issue	-	-	-	-	-	-	-
Other liabilities	464,129	-	464,129	-	-	-	-
As at October 31, 2023							
Loans	-	11,425,609	11,425,609	-	-	11,425,609	11,425,609
Other assets	55,376	-	55,376	-	-	-	-
Securities	-	6,363,943	6,363,943	6,363,943	-	-	6,363,943
Due to banks	34,482	-	34,482	-	-	-	-
Customers' deposits	20,617,596	632,270	21,249,866	-	-	632,270	632,270
Debt securities in issue	-	-	-	-	-	-	-
Other liabilities	78,367	-	78,367	-	-	-	-

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) loans and deposits with original maturity of less than three months or payable on demand; and (ii) certain receivables and payables in other assets and other liabilities.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Loans to customers are similarly valued taking into account credit portfolio experience. The valuation model is reviewed on an annual basis and updated as necessary to reflect portfolio experience.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Disclosures of fair value for financial instruments that are measured and disclosed at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2024				
Securities at FVTPL				
Securities FVTPL classified				
Government and state-owned enterprises debt securities	-	3,933	-	3,933
Money market instruments	16,020	-	-	16,020
	16,020	3,933	-	19,953
Securities at FVOCI				
Securities FVOCI classified				
Equity securities	240	-	-	240
	240	-	-	240
	16,260	3,933	-	20,193

There were no significant transfers between Level 1 and 2 in the respective periods.

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2023				
Securities at FVTPL				
Securities FVTPL classified				
Government and state-owned enterprises debt securities	-	4,513	-	4,513
Money market instruments	15,186	-	-	15,186
	15,186	4,513	-	19,699
Securities at FVOCI				
Securities FVOCI classified				
Equity securities	248	-	-	248
	248	-	-	248
	15,434	4,513	-	19,947

There were no significant transfers between Level 1 and 2 in the respective periods.

Positive and negative fair value movement of Level 3 financial instruments from using reasonably possible alternative assumptions

A financial instrument is classified as Level 3 in the fair value hierarchy if one or more of its unobservable inputs may significantly affect the measurement of its fair value. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgement. Due to the unobservable nature of the prices or rates, there may be uncertainty about valuation of these Level 3 financial instruments.

The following table summarizes the impact to fair values of Level 3 financial instruments using reasonably possible alternative assumptions. This sensitivity disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of Level 3 financial instruments. In reporting the sensitivities below, we have considered offsetting balances in instances when: (i) the move in valuation factor caused an offsetting positive and negative fair value movement, (ii) both offsetting instruments are in Level 3, and (iii) when exposures are managed and reported on a net basis. With respect to overall sensitivity, it is unlikely in practice that all reasonably possible alternative assumptions would be simultaneously realized.

	Level 3 Fair value ($'000)	Positive fair value movement from using reasonably possible alternatives ($'000)	Negative fair value movement from using reasonably possible alternatives ($'000)
As at October 31, 2024			
Securities at FVOCI	-	-	-
	-	-	-
As at October 31, 2023			
Securities at FVOCI	-	-	-
	-	-	-

Financial assets classified as fair value through profit and loss

For our financial assets classified as FVTPL, we measure the change in fair value attributable to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

There were no significant changes in the fair value of the financial assets classified as FVTPL attributable to changes in credit risk during the year ended October 31, 2024, and cumulatively since initial recognition of the assets.

Net gains (losses) from financial instruments classified as fair value through profit or loss

Financial instruments classified as at FVTPL, which includes mainly trading securities are measured at fair value with realized and unrealized gains and losses recognized in Non-interest income, primarily in trading revenue.

Investment Management
Caribbean

Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

Chairman's Report

RBC Investment Management (Caribbean) Limited ("the Company") has been providing premier asset management services to select parts of the Caribbean for more than two decades. Primarily through its Roytrin Family of Mutual Funds the Company provides a wide array of options for investors with diverse risk appetite and has a history of providing solid returns.

In fiscal 2024, RBC Investment Management (Caribbean) Limited recorded a net profit after taxation of $84.9 million, $28.4 million or 25.1% below the prior year's profit of $113.2 million, driven by decreased revenues in addition to higher costs. Total revenue declined by $34.7 million year-on-year from lower fee income. Additionally, non-interest expenses increased by $5.8 million mainly attributable to higher operating expenses.

The management team's commitment to sound management principles in managing our clients' investments and help them grow their wealth has continued to drive growth in assets under management which increased by $1 billion year-on-year to $28 billion. The Company is well capitalised with a capital ratio of 45.63% which is well in excess of the required regulatory requirements.

The Company continues to focus on creating sustainable growth by enhancing efficiencies, continually reviewing our portfolio of investments and ensuring we offer the best-in-class solutions to our clients to preserve and grow their wealth over the long term.

On behalf of the Board of Directors and executives of RBC, I would like to thank the Company's loyal clientele for their continued confidence in us as we work towards delivering simplified and exceptional client experiences. I would also like to thank our employees who continue to be the driving force behind all our achievements. Their commitment to our values, to our clients and to one another has positioned us for sustainable long-term growth and success.

Simone Edwards
Chairman
January 21, 2025

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of RBC Investment Management (Caribbean) Limited (the 'Company') which comprise the statement of financial position as at October 31, 2024 and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilized the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Managing Director and
Head Investment Management
RBC Investment Management
(Caribbean) Limited
January 21, 2025

Director Finance –
Trinidad and Tobago
January 21, 2025

Independent Auditor's Report

To the shareholder of RBC Investment Management (Caribbean) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RBC Investment Management (Caribbean) Limited (the Company) as at 31 October 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2024;
- the statement of income and other 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 International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Directors are responsible for the other information. The other information comprises the Chairman's report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.

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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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.

Independent Auditor's Report (continued)

- 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

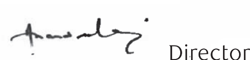
Port of Spain
Trinidad, West Indies
22 January 2025

Statement of Financial Position

	Notes	As at October 31 2024 ($'000)	2023 ($'000)
Assets			
Cash and cash equivalents	3	237,873	162,088
Intangible assets	4	303	1,421
Equipment	5	218	146
Corporation tax recoverable		2,498	7
Deferred tax asset	6	2,655	2,549
Due from affiliated companies	19	38,442	37,731
Other assets	7	22,099	19,634
Total assets		304,088	223,576
Liabilities			
Post-retirement benefit obligations	8	6,714	7,365
Current income tax liabilities		2,991	11,885
Deferred tax liabilities	6	724	714
Due to affiliated companies	19	93,599	1,431
Other liabilities	9	7,656	4,876
Total liabilities		111,684	26,271
Shareholder's equity			
Stated capital	10	15,019	15,019
Statutory reserve	11	15,019	15,019
Retained earnings		162,366	167,267
Total shareholder's equity		192,404	197,305
Total equity and liabilities		304,088	223,576

The notes form an integral part of these financial statements.

On January 21, 2025, the Board of Directors of RBC Investment Management (Caribbean) Limited authorized these financial statements for issue.

 Director Director

Statement of Changes in Equity

	Note	Stated capital ($'000)	Statutory reserves ($'000)	Other reserves ($'000)	Retained earnings ($'000)	Total ($'000)
Year ended October 31, 2024						
Balance at beginning of year		15,019	15,019	-	167,267	197,305
Net income after taxation		-	-	-	84,852	84,852
Other comprehensive income		-	-	-	247	247
Total comprehensive income		-	-	-	252,366	282,404
Dividends	17	-	-	-	(90,000)	(90,000)
Balance at end of year		15,019	15,019	-	162,366	192,404
Year ended October 31, 2023						
Balance at beginning of year		15,019	15,019	-	275,211	305,249
Net income after taxation		-	-	-	113,222	113,222
Other comprehensive income		-	-	-	24	24
Total comprehensive income		-	-	-	113,246	113,246
Dividends	17	-	-	-	(221,190)	(221,190)
Balance at end of year		15,019	15,019	-	167,267	197,305

The notes form an integral part of these financial statements.

Statement of Income and other Comprehensive Income

	Notes	Year ended October 31 2024 ($'000)	2023 ($'000)
Interest income	12	67	36
Non-interest income	13	188,608	223,308
Total revenue		188,675	223,344
Non-interest expenses	14	(67,227)	(61,408)
Total non-interest expenses		(67,227)	(61,408)
Net income before taxation		121,448	161,936
Taxation expense	16	(36,595)	(48,714)
Net income after taxation		84,853	113,222
Other comprehensive income, net of taxes:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-retirement benefit obligations	8.4	247	34
Tax impact		-	(10)
Other comprehensive income for the year, net of taxes		247	24
Total comprehensive income for the year		85,100	113,246

The notes form an integral part of these financial statements.

Statement of Cash Flows

	Note	Year ended October 31 2024 ($'000)	2023 ($'000)
Net income before taxation		121,448	161,936
Adjustments for:			
Post-retirement benefit obligation expense		(404)	(486)
Depreciation and amortization		1,231	1,344
Operating income before changes in operating assets and liabilities		122,275	162,794
Increase in other assets		(2,466)	(368)
Increase in due from affiliated companies		(711)	(36,977)
Increase in other liabilities		3,327	825
Increase/(decrease) in due to affiliated companies		2,168	(750)
Corporation tax paid - net of refunds		(48,623)	(48,252)
Cash generated from operating activities		75,970	77,272
Investing activities			
Additions to equipment and intangible assets		(185)	(44)
Cash used in investing activities		(185)	(44)
Financing activities			
Dividends paid		-	(221,190)
Cash used in financing activities		-	(221,190)
Net increase/(decrease) in cash and cash equivalents		75,785	(143,962)
Cash and cash equivalents at beginning of year		162,088	306,050
Cash and cash equivalents at end of year	3	237,873	162,088

The notes form an integral part of these financial statements.

1 Incorporation and business activities of the Company

RBC Investment Management (Caribbean) Limited (the "Company") is incorporated in Trinidad and Tobago. It is a wholly owned subsidiary of RBC Financial (Caribbean) Limited which is incorporated in Trinidad and Tobago, with the ultimate parent company being Royal Bank of Canada.

The Company is a licensed financial institution under the Financial Institutions Act, 2008 of Trinidad and Tobago and has been set up to provide a full range of services pertaining to investment management and support services associated therewith to corporate and individual clients. The address of the Company's registered office is 7-9 St. Clair Avenue, St. Clair, Port-of-Spain, Trinidad.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these Financial Statements are summarized below. These accounting policies conform, in all material respects, to IFRS. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

Basis of preparation

Statement of compliance

The Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value or revalued amount.
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- post-retirement benefit obligation measured at fair value.

Basis of measurement

The Financial Statements are prepared in Trinidad and Tobago dollars.

Use of estimates and assumptions

In preparing our Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities, pensions and other post-employment benefits, income taxes, other intangibles, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgements

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

• Employee benefits	Note 2, Note 8
• Share-based compensation	Note 2, Note 15
• Income taxes	Note 2, Note 6
• Intangible assets	Note 2, Note 4

Changes in accounting policies

IFRS 17 Insurance Contracts (IFRS 17)

In May 2017, the IASB issued IFRS 17 to establish a comprehensive insurance standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held and will replace the existing IFRS 4 Insurance Contracts (IFRS 4). In June 2020, the IASB issued amendments to IFRS 17, including deferral of the effective date by two years. This new standard is effective for us on November 1, 2023 and is to be applied retrospectively with comparatives restated beginning November 1, 2022.

Under IFRS 17, insurance contracts are contracts under which we accept significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Embedded derivatives, investment components and promises to provide non-insurance services, provided specific criteria are met, are separated from the measurement of insurance and reinsurance contracts. Insurance and reinsurance contracts are aggregated into portfolios that are subject to similar risks and are managed together, and then divided into groups based on the period of issuance and expected profitability. However, based on RBC Investment Management (Caribbean) Limited's assessment, a nil impact to the books is anticipated at this time.

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 classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for us on November 1, 2026. We are currently assessing 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 Consolidated Statements of Income, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for us on November 1, 2027. We are currently assessing the impact of adopting this standard on our Financial Statements.

Amendments to Disclosure of Accounting Policies

The IASB issued Disclosure of Accounting Policies which amended IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the Amendment). The Amendment amended IAS 1 to replace the requirement for entities to disclose their significanmaterialt accounting policies with the requirement to disclose their material accounting policy information. The Amendment is effective for us on November 1, 2023. The adoption of this Amendment did not have a material impact on our Financial Statements.

Other material accounting policies

The following accounting policies are applicable to all periods presented:

Classification of financial assets

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

Business model assessment

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

- How the economic activities of the businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 20, and the activities taken to manage those risks;
- Historical and future expectations of the receivables managed as part of a business model; and
- The compensation structures for managers of the businesses within the Company, to the extent that these are directly linked to the economic performance of the business mode

The Company's business model for receivables is HTC: the objective of this business model is to hold receivables to collect contractually due 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 for basic lending arrangements. Principal amounts include the fair value of the financial asset at initial recognition from lending and financing arrangements, and interest primarily relates to basic lending return, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Revenue recognition

Revenue is recognized when a service is provided to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognized the revenue as each performance obligation is satisfied.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Revenue recognition (continued)

The Company adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar. The Company reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of The Company's contracts that are identical or have similar contractual terms (for example standardized banking agreements with retail customers), the expedient is applied to many of The Company's current revenue streams.

In addition, the Company does not adjust for the effects of a significant financing component for contracts with a 12 month or less expected time difference between when we provide the service to the customer and the receipt of the contract consideration.

The Company expenses incremental costs to obtain a contract if the expected amortization period of the asset the Company would have recognized is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortization, is 12 months or less.

Income which falls under the scope of revenue recognition is not netted off against related expense. The Company does not incur material costs to obtain contracts with customers such as sales commissions.

Commissions and fees

Commission and fees primarily relate to investment management and custodial fees and mutual fund revenue 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 and are received monthly, quarterly, semi-annually or annually, depending on the terms of the contract.

Investment management and custodial fees are generally derived from assets under management (AUM) when our 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. Mutual fund revenue is derived as a percentage of the daily net asset value (NAV) of the mutual funds under management with each mutual fund having a management fee rate based on an approved fee structure. 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.

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

Accounts receivable

For accounts receivable, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from the initial recognition of receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on payment terms and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customer's ability to settle the receivables. Macroeconomic variables used include, but are not limited to unemployment rate, gross domestic product (GDP) and inflation rate.

Interest

Interest is recognized in Interest income in the Statement of Income and Other Comprehensive Income for all interest-bearing financial instruments using the effective interest method. 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 net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Statement of Financial Position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition.

Derecognition of financial assets

Financial assets are derecognized from our Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred. When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized from our Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognize the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows. We derecognize transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in Other assets in our Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognized in Other liabilities in our Statement of Financial Position.

Derecognition of financial liabilities

We derecognize a financial liability from our Statement of Financial Position when our obligation specified in the contract expires, or is discharged or cancelled. We recognize the difference between the carrying amount of a financial liability transferred and the consideration paid in our Statement of Income and Other Comprehensive Income.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency transactions (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in Non-interest income in the Statement of Income and Other Comprehensive Income. Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Equipment

Equipment includes computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are 3 to 10 years for computer equipment, and 5 to 15 years for furniture, fixtures and other equipment. Gains and losses on disposal are recorded in Non–interest income. Equipment are assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs and test for impairment at the CGU level. An impairment charge is recorded to the extent the recoverable amount of an asset (or CGU), which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset (or CGU). Fair value less costs of disposal is the amount obtainable from the sale of the asset (or CGU) in an orderly transaction between market participants, less costs of disposal. After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A lease is an agreement whereby the lessor conveys to the lessee the right to obtain substantially all of the economic benefits from, and direct the use of, an identified asset for a period of time in return for consideration in the form a payment or series of payments. When we are the lessee in a lease arrangement, we initially record a right-of-use asset and corresponding lease liability, except for short-term leases and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are unspecialized, common, technologically unsophisticated, widely available, and widely used non-infrastructure assets. For short-term leases and leases of low-value assets, we record the lease payments as an operating expense on a straight-line basis over the lease term. Where we are reasonably certain to exercise extension and termination options, they are included in the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at our incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method, recorded in interest expense.

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for lease payments made on or before the commencement date, initial direct costs incurred, and an estimate of costs to dismantle, remove, or restore the asset, less any lease incentives received. Costs related to dismantling are capitalized as part of the leasehold improvement asset (rather than the right-of-use-asset of the lease) when the leasehold improvements are separately capitalized.

The right-of-use asset is depreciated to the earlier of the lease term and the useful life, unless ownership will transfer to the Company or we are reasonably certain to exercise a purchase option, in which case the useful life of the right-of-use asset is used. The Company applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in the premises and equipment accounting policies in the Financial Statements.

The Company does not apply this accounting treatment to leases of intangible assets.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when we have 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 judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows.

We record provisions related to litigation, asset retirement obligations, and the allowance for off-balance sheet and other items. Provisions are recorded under Other liabilities on our Statement of Financial Position.

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.

Employee benefits – Pensions and other post-employment benefits

Our defined benefit pension expense, which is included in Non-interest expense, 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 liability, 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 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. 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 the defined benefit plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement 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 our pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality government 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 in the respective countries of our plans, may differ from actual experience as country specific 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 re-measurements that we recognize.

Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in Non-interest expense.

Share–based compensation

The Company offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, the Company's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as Non-interest expense in the Consolidated Statements of Income with a corresponding change in Other liabilities. Compensation expense is recognized in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy

Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Statement of Income.

Income taxes

Income tax comprises current tax and deferred tax and is recognized in our Statement of Income and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. A deferred income tax asset or liability is determined for each temporary difference. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date. Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied.

The Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carry forwards are included on the Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized; this review involves evaluating both positive and negative evidence.

We are subject to income tax laws in various jurisdictions where we operate, and the complex tax laws are potentially subject to different interpretations by the relevant taxation authorities and the Company. Significant judgement is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of our tax positions to determine our tax provision, which includes our best estimate of tax positions that are under audit or appeal by relevant taxation authorities. We perform a review on a quarterly basis to incorporate our best assessment based on information available, but additional liability and income tax expense could result based on decisions made by relevant tax authorities. The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Statement of Financial Position, and also deferred tax expense in our Statement of Income and Other Comprehensive Income.

The Company complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions, contingent liabilities and contingent assets for uncertain tax positions. The Company is subject to income tax laws in various jurisdictions where The Company operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of the Company's tax positions, which includes the Company's best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The Company performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of the Company's tax positions by the relevant taxation authorities. The Company performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of The Company's tax positions by the relevant taxation authorities.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Income taxes (continued)

The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. The amendments introduce, with immediate effect, a temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of the international tax reform. The Company has not tapped into this exception and has instead amended all deferred taxes with the new rates as applicable. The impact is immaterial to The Company.

Intangible assets

Intangible assets represent identifiable non-monetary assets acquired separately. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite life are amortized on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years. There are no intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment. Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives.

Discount rates are based on the bank-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized in Non-interest expense.

Stated capital

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

Comparative information

Where necessary comparative information has been adjusted to conform to the presentation in the current year. Cash and cash equivalents represent deposits held on demand with affiliated company.

3 Cash and cash equivalents

	2024 ($'000)	2023 ($'000)
Cash at bank	237,873	162,088

Cash and cash equivalents represent deposits held on demand with affiliated company.

4 Intangible assets

	2024 ($'000)	2023 ($'000)
Software		
Opening net book value	1,421	2,570
Amortization	(1,118)	(1,149)
Closing net book value	303	1,421
Cost	8,606	8,606
Accumulated amortization	(8,303)	(7,185)
Net book value	303	1,421

5 Equipment

	Computer equipment ($'000)	Electronic equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2024				
Opening net book value	146	-	-	146
Transfers	157	-	(157)	-
Additions	-	-	185	185
Depreciation charge	(113)	-	-	(113)
Closing net book value	190	-	28	218
At October 31, 2024				
Total cost	506	-	28	534
Accumulated depreciation	(316)	-	-	(316)
Net book value	190	-	28	218
Year ended October 31, 2023				
Opening net book value	294	-	5	299
Transfers	49	-	(49)	-
Additions	-	-	44	44
Depreciation charge	(197)	-	-	(197)
Closing net book value	146	-	-	146
At October 31, 2023				
Total cost	705	-	-	705
Accumulated depreciation	(559)	-	-	(559)
Net book value	146	-	-	146

During the year, assets fully depreciated and retired amounted to $0.4MM (2023 - $Nil)

6 Deferred tax assets and liabilities

The following amounts are shown in the Statement of Financial Position:

	2024 ($'000)	2023 ($'000)
Deferred tax asset	2,655	2,549
Deferred tax liabilities	(724)	(714)
	1,931	1,835
The movement on the deferred tax account is as follows:		
At beginning of year	1,835	2,115
Charge/(credit) to Statement of Income (Note 16)	96	(162)
Credit to Statement of Other Comprehensive Income	-	(118)
At end of year	1,931	1,835
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax asset		
Post-retirement benefits	2,084	2,205
Accelerated tax depreciation	254	93
Other	317	251
	2,655	2,549
Deferred tax liabilities		
Accelerated tax depreciation	-	-
Foreign exchange translation	(724)	(714)
	(724)	(714)

7 Other assets

	2024 ($'000)	2023 ($'000)
Accounts receivable	18,946	16,929
Prepayments	3,153	2,705
	22,099	19,634
Current	22,099	19,634

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (general provision) which uses a lifetime expected loss allowance for all accounts receivable balances. The resulting general provision at 31 October 2024 was negligible (2023: Negligible).

8 Post-retirement benefit obligations

Plan characteristics

The Company, through its parent, RBC Financial (Caribbean) Limited, sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by a local pension committee. The pension and other post-employment plans are managed on a Group basis.

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. Our other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by the Company and valuations of the plans are performed at each fiscal year end by independent actuaries. The liability in the Statement of Financial Position is allocated to all legal entities participating in the plans based on their participating membership headcount.

Risks

By their design, the defined benefit pension 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 costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

8.1 **The amounts recognized in the Statement of Financial Position are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Fair value of plan assets	-	(4)	(4)
Post-retirement benefit obligation	5,669	1,050	6,719
Liability in the Statement of Financial Position	5,669	1,046	6,715
October 31, 2023			
Fair value of plan assets	-	(4)	(4)
Post-retirement benefit obligation	6,319	1,050	7,369
Liability in the Statement of Financial Position	6,319	1,046	7,365

8.2 **The movements in the fair value of plan assets over the period are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	-	(4)	(4)
Re-measurement gain:	-	-	-
At end of year	-	(4)	(4)
October 31, 2023			
At beginning of year	-	(4)	(4)
Re-measurement gain:	-	-	-
At end of year	-	(4)	(4)

8.3 **The movements in the post-retirement benefit obligation over the period are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	6,319	1,050	7,369
Current service cost	30	22	52
Past service cost	-	-	-
Interest expense	383	54	437
Re-measurements:			
Effect of changes in demographic assumptions	107	(3)	104
Effect of changes in financial assumptions	(72)	(33)	(105)
Effect of experience adjustments	(55)	58	3
Benefits paid	(102)	-	(102)
Other	(941)	(98)	(1,039)
At end of year	5,669	1,050	6,719
October 31, 2023			
At beginning of year	4,881	3,116	7,997
Current service cost	33	23	56
Past service cost	-	-	-
Interest expense	377	62	439
Re-measurements:			
Effect of changes in demographic assumptions	(72)	-	(72)
Effect of changes in financial assumptions	(168)	(73)	(241)
Effect of experience adjustments	(146)	68	(78)
Benefits paid	(119)	-	(119)
Other	1,533	(2,146)	(613)
At end of year	6,319	1,050	7,369

8.4 **The amounts recognized in the Statement of Income and Other Comprehensive Income are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Current service cost	30	22	52
Net interest expense	383	54	437
Benefit paid	(102)	-	(102)
Other	(941)	(98)	(1,039)
Components of defined benefit costs recognised in profit or loss	(630)	(22)	(652)
Re-measurement on the net liability:			
Effect of changes in demographic assumptions	107	(2)	105
Effect of changes in financial re-measurements	(72)	(33)	(105)
Effect of experience adjustments	(55)	58	3
Components of defined benefit cost included in other comprehensive income	(20)	23	3
Total	(650)	1	(649)
October 31, 2023			
Current service cost	33	23	56
Net interest expense	377	62	439
Benefit paid	(119)	-	(119)
Other	1,284	(2,146)	(862)
Components of defined benefit costs recognised in profit or loss	1,575	(2,061)	(486)
Re-measurement on the net liability:			
Effect of changes in demographic assumptions	(72)	-	(72)
Effect of changes in financial re-measurements	(168)	(73)	(241)
Effect of experience adjustments	(146)	68	(78)
Return on plan assets (excluding interest) income)	-	-	-
Other	249	-	249
Components of defined benefit cost included in other comprehensive income	(137)	(5)	(142)
Total	1,438	(2,066)	(628)

8.5 **Investment policy and strategies**

Defined benefit pension plan assets are invested prudently in order to meet our long term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework. Factors taken into consideration in developing our asset allocation include but are not limited to the following:

(i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;

(ii) the member demographics, including 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 assets and liability volatility and correlations.

To implement our asset allocation policy, we may invest in equities and fixed income securities.

8 Post-retirement benefit obligations (continued)

8.5 **Investment policy and strategies (continued)**

Composition of defined benefit pension plan assets

	October 31, 2024		October 31, 2023	
	Fair value ($'000)	Percentage of total plan assets	Fair value ($'000)	Percentage of total plan assets
Debt securities				
Alternative investments	(4)	100%	(4)	100%
	(4)	100%	(4)	100%

Significant assumptions

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

Overall expected long-term rate of return on assets

The assumed expected rate of return on assets is determined by considering long-term returns on fixed income securities combined with an estimated equity risk premium. The expected long-term return for each asset class is then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	October 31, 2024	October 31, 2023
Discount rates – medical and life	6.30%	6.20%
Discount rates – pension	6.30%	6.20%
Salary increases	2.50%	2.00%/2.50%
Health care cost increases		
- Immediate trend	5.00%	5.00%
- Ultimate trend	5.00%	5.00%

8.6 **Sensitivity analysis**

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The following table presents the sensitivity analysis of key assumptions holding all other factors constant:

	Increase / (decrease) in obligation	
	2024 ($'000)	2023 ($'000)
Pension plan:		
Impact of 1.0% decrease in discount rate	374	348
Impact of 1.0% increase in discount rate	(251)	(239)
Impact of 0.5% decrease in rate of increase in future compensation	(33)	(43)
Impact of 0.5% increase in rate of increase in future compensation	50	53
Impact of 1 year decrease in life expectancy	(40)	(40)
Impact of 1 year increase in life expectancy	46	41
Other post-employment plans:		
Impact of 1.0% decrease in discount rate	792	915
Impact of 1.0% increase in discount rate	(648)	(745)
Impact of 0.5% decrease in rate of increase in future compensation	-	-
Impact of 0.5% increase in rate of increase in future compensation	-	-
Impact of 1.0% decrease in health care cost trend rate	(253)	(277)
Impact of 1.0% increase in health care cost trend rate	302	327
Impact of 1 year decrease in life expectancy	-	-
Impact of 1 year increase in life expectancy	5	(1)

9 Other liabilities

	2024 ($'000)	2023 ($'000)
Accruals and payables	4,194	1,138
Employee related costs	3,462	3,738
	7,656	4,876
Current	7,656	4,876

10 Stated capital

	2024 ($'000)	2023 ($'000)
Issued and fully paid		
225,019,100 ordinary shares of no-par value	15,019	15,019

The total authorized number of ordinary shares at year end was unlimited with no par value.

11 Statutory reserve

The Financial Institutions Act, 2008 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is not less than the paid-up capital of the institution.

12 Interest income

	2024 ($'000)	2023 ($'000)
Interest income on cash and cash equivalents	67	36
	67	36

13 Non-interest income

The Company derives revenue over time and at a point in time within the following categories.

	2024 ($'000)	2023 ($'000)
Non-interest income over time:		
Trust and investment management related fees	188,576	223,366
Non-interest income at a point in time:		
Foreign exchange earnings	32	(62)
Sundry income	-	4
	188,608	223,308

14 Non-interest expenses

	2024 ($'000)	2023 ($'000)
Staff costs (Note 14.1)	17,550	17,705
Equipment and intangible assets expenses, excluding depreciation and amortization	7,381	7,957
Advertising and public relations	773	1,198
Depreciation and amortization	1,231	1,344
Management fees	31,214	27,404
Directors' fees	473	98
Auditor's fees (Note 14.2)	523	609
Business and capital tax	3,974	3,507
Green fund levy	548	670
Sundry losses	-	29
Other operating expenses	3,560	887
	67,227	61,408

14.1 **Staff costs**

	2024 ($'000)	2023 ($'000)
Wages and salaries including bonuses	16,158	16,731
Employees' defined contribution pension expense	1,012	1,037
Employees' defined benefit and post other post-retirement benefit costs (Note 8.4)	(404)	(486)
Share option plan-value of services provided	784	423
	17,550	17,705

14 Non-interest expenses (continued)

14.2 **Audit fees**

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2024 ($'000)	2023 ($'000)
Audit of the financial statements for the year ended October 31	429	416
Other services provided to RBC Investment Management (Caribbean) Limited for the year ended October 31	94	193
Other services provided to any other controlled entities during the year ended October 31	-	-
	523	609

15 Share–based compensation

The Company offers share-based compensation plans (the "Plans"), which consists of shares issued by the Company's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Company offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from the Company's annual incentive program, all of which vest at the end of five years.

The Company offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

The following table presents the units granted under share-based compensation plans for the year:-

15.1 **Units granted under share-based compensation plans**

	Units granted #	Weighted average fair value per unit ($)
2024		
Performance deferred share unit plans	320	604
RBC share unit plans	526	644
	846	
2023		
Performance deferred share unit plans	342	642
RBC share unit plans	252	676
	594	

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses (recoveries) recognized for the year.

15.2 **Obligations under share-based compensation plans**

	Units #	Carrying Amount ($'000)
2024		
Performance deferred share unit plans	680	559
RBC share unit plans	574	472
	1,254	1,031
2023		
Performance deferred share unit plans	818	442
RBC share unit plans	691	373
	1,509	815

15.3 **Compensation expenses recognized under share-based compensation plans.**

	2024 ($'000)	2023 ($'000)
Performance deferred share unit plans	449	231
RBC share unit plans	335	192
	784	423

16 Taxation expense

	2024 ($'000)	2023 ($'000)
Current tax charge	36,691	48,552
Net deferred tax credit (Note 6)	(96)	162
	36,595	48,714
The tax on profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:		
Net income before taxation	121,448	161,936
Prima facie tax calculated at a rate of 30%	36,434	48,581
Expenses not deductible for tax	-	-
Other	161	133
	36,595	48,714
The deferred tax charge for the year comprises the following temporary differences:		
Accelerated tax depreciation	(161)	(115)
Post-retirement benefits	131	79
Other temporary differences	(66)	198
	(96)	162

17 Dividends

During the year, dividends in the amount of $90 million were declared however not yet paid to the shareholder (2023: $221.2 million, declared and paid).

Dividends are accounted for as an appropriation of retained earnings when declared.

18 Contingent liabilities

As at October 31, 2024 there were no contingent liabilities (2023 - $Nil).

19 Related party transactions

Related parties include the ultimate parent company, Royal Bank of Canada, associated companies, post-employment benefit plans for the benefit of our employees, key management personnel, the Board of Directors of RBC (Directors), close family members of key management personnel and Directors, and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members. The Company has applied the low credit risk exemption on all loans to associate and affiliated companies as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any IFRS 9 ACL is deemed to be insignificant.

	2024 ($'000)	2023 ($'000)
Cash and cash equivalents		
Other affiliated companies	237,873	162,088
Due from affiliated companies		
Other affiliated companies	37,032	36,965
Due from RBCFCL	1,410	766
	38,442	37,731
Other assets		
Other assets		
Other affiliated companies	4,184	2,873
Other liabilities		
Due to RBCFCL	93,599	1,431
Non-interest income		
Due from RBCFCL	2,430	2,278
Other affiliated companies	142,103	180,785
	144,533	183,063
Interest income		
Other affiliated companies	67	36

19 Related party transactions (continued)

	2024 ($'000)	2023 ($'000)
Dividends paid		
RBCFCL	--	221,190
Other operating expenses		
Due to RBCFCL	32,584	28,766
Other affiliated companies	343	343
	32,927	29,109

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of The Company directly or indirectly. They include the senior executives called the Operating Committee (OC) and Executive Management Committee (EMC). The OC and EMC are comprised of the Head Caribbean Banking and those individuals that report to him, including the Chief Financial Officer, Head Human Resources, Chief Risk Officer, and heads of business and functional units. The EMC is ultimately responsible for all material decisions. The EMC is also responsible for establishing the overall strategic direction of The Company and, in that regard, sets global parameters for The Company within which the board of directors and management exercise their discretion to make decisions concerning the strategic direction and day-to-day management of The Company. The Directors of RBC Investment Management (Caribbean) Limited do not plan, direct, or control the activities of The Company; they oversee the management of the business and provide stewardship.

	2024 ($'000)	2023 ($'000)
Key management compensation		
Share based payment	331	350
Salaries and other short-term benefits	1,426	1,564

20 Financial risk management

20.1 Risk management

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and the Company is accountable for the risk exposures relating to its responsibilities. The Company is exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks.

Risk management structure

The Board of Directors is responsible for providing oversight over the management of risks. The EMC is responsible for managing and monitoring risks.

Executive Management Committee (EMC)

The EMC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Company financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit

A centralized Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Group Compliance and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the RBC Financial Caribbean Group in the three key areas of credit risk, market risk and operational risk. Each business unit has decentralized units, which is responsible for the independent control of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These decentralized units also ensures the risks are completely captured in the risk measurement and reporting systems.

Group Asset and Liability Committee (ALCO)

The Company ALCO provides oversight and monitoring of the financial resources of operating entities. The committee's mandate includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the Enterprise Risk Committee – Risk and Governance and the relevant Boards, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

ALCO provides oversight and monitoring of the financial resources of operating entities. ALCO is responsible for the oversight and monitoring of the financial resources of operating entities in The Company. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts.
- business and enterprise strategies.
- risks.
- The Company's legal entity structure.
- market developments.
- accounting pronouncements, and
- competitive and regulatory environments.

Considering these dynamics, ALCO is responsible for reviewing, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and The Company's investment portfolio, which are all centrally managed by Treasury. For these areas, ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

Investment Policy Committee

The Investment Policy committee is comprised of two Non-Executive Directors and one Operating Committee member. The Committee is responsible for approving all Statements of Investments Policy (SIP) and reviewing compliance with same. The SIPs shall be drafted in accordance with the stated objectives of each Fund under management with close reference to the assets permissible by law or deed. The SIPs shall be reviewed annually to ensure compliance with any statutory changes or amendments to relevant deeds. The Committee meets on a quarterly basis.

Investment Strategy Committee

This Committee is engaged in providing guidance to the Company relative to economic and capital markets. The Committee prepares an investment outlook that is submitted to the Investment Policy Committee and provides guidance to the Company's Portfolio Managers as it relates to mix of investments, geographical allocations, duration and currency exposure.

Internal Audit

Risk management processes throughout the Company are audited by the internal audit function that examines both the adequacy of the procedures and the Company's compliance with the procedures.

Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

The Company's risks are measured using methods, which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information which consists of several reports, is presented and explained to the EMC, the ALCO and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

20.2 Categorization

	Financial assets or liabilities carried at amortised costs ($'000)	Non-financial assets or liabilities ($'000)	Equity instruments ($'000)	Total ($'000)
As at October 31, 2024				
Assets				
Cash and cash equivalents	237,873	-	-	237,873
Intangible assets	-	303	-	303
Equipment	-	218	-	218
Other assets	18,946	3,153	-	22,099
Due from affiliated companies	38,442	-	-	38,442
Corporation tax recoverable	-	2,498	-	2,498
Deferred tax asset	-	2,655	-	2,655
Total assets	295,261	8,827	-	304,088
Equity and liabilities				
Other liabilities	4,194	3,462	-	7,656
Post-retirement benefit Obligations	-	6,714	-	6,714
Current income tax liabilities	-	2,991	-	2,991
Due to affiliated companies	93,599	-	-	93,599
Deferred tax liabilities	-	724	-	724
Shareholder's equity	-	-	192,404	192,404
Total equity and liabilities	97,793	13,891	192,404	304,088

20 Financial risk management (continued)

20.2 Categorization (continued)

	Financial assets or liabilities carried at amortised costs ($'000)	Non-financial assets or liabilities ($'000)	Equity instruments ($'000)	Total ($'000)
As at October 31, 2023				
Assets				
Cash and cash equivalents	162,088	-	-	162,088
Intangible assets	-	1,421	-	1,421
Equipment	-	146	-	146
Other assets	16,929	2,705	-	19,634
Due from affiliated company	37,731	-	-	37,731
Corporation tax recoverable	-	7	-	7
Deferred tax asset	-	2,549	-	2,549
Total assets	216,748	6,828	-	223,576
Equity and liabilities				
Other liabilities	1,138	3,738	-	4,876
Post-retirement benefit Obligations	-	7,365	-	7,365
Current income tax liabilities	-	11,885	-	11,885
Due to affiliated company	1,431	-	-	1,431
Deferred tax liabilities	-	714	-	714
Shareholder's equity	-	-	197,305	197,305
Total equity and liabilities	2,569	23,702	197,305	223,576

20.3 **Liquidity risk**

Liquidity and funding risk (Liquidity risk) is the risk that The Company may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they come due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Company's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are all addendums to The Company's Ultimate Parent and will identify distinctions within the Caribbean. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management are the responsibilities of the Board, Enterprise Risk Committee - Risk and Governance and the Asset and Liability Committee for The Company. The liquidity management process for The Company is carried out by the Treasury department of each business unit and monitored by Treasury and ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. RBC Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

The Board and ALCO for The Company regularly reviews information on liquidity positions for each entity operating within The Company as well as on a consolidated level. ALCO annually reviews and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. Regulatory metrics include reserve requirements and Liquidity Coverage Ratio applicable to a few of the Caribbean Islands and Internal measurements for liquidity risk is performed monthly via internally defined Net Cash Flow. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. For example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. To manage liquidity risk within The Company's liquidity risk appetite, we set limits on various metrics over a range of time horizons, jurisdictions and currencies. The Company also considers various levels of stress conditions in our development of appropriate contingency, recovery and resolution plans. The Company's liquidity risk measurement and control activities cover multiple areas:

Tactical (shorter-term) liquidity risk

To address potential immediate cash flows risks in times of stress, The Company uses short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally-derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk

To guide our secured and unsecured wholesale term funding activities, The Company employs an Internal Liquidity Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk

Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Liquidity Contingency Plan (LCP) is maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, The Company's Liquidity Crisis Teams (LCTs) each meet at least annually or more as required to assess our liquidity status, and review the LCPs. During times of stress, provide linkages to the front line and other functions to support effective and coordinated crisis management and oversight. The Company's LCTs include members from key primary stakeholders including GRM. The liquidity status assessment and monitoring process informs management, ALCO and the Board of our assessment of internal and external events and their potential implications on liquidity risk.

20.3.1 **Financial assets and liabilities less derivatives**

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities and deposits.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and cash equivalents	237,873	-	-	-	-	237,873
Due from affiliated companies	-	38,442	-	-	-	38,442
Other assets	17,856	534	429	127	-	18,946
Total financial assets less derivatives	255,729	38,976	429	127	-	295,261
Liabilities						
Due to banks	-	-	-	-	-	-
Due to affiliated companies	93,599	-	-	-	-	93,599
Other liabilities	2,409	763	300	722	-	4,194
Total financial Liabilities less derivatives	96,008	763	300	722	-	97,793
Liquidity gap	159,721	38,213	129	(595)	-	197,468
Cumulative gap	159,721	197,934	198,063	197,468	-	

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2023						
Assets						
Cash and cash equivalents	162,088	-	-	-	-	162,088
Due from affiliated companies	-	37,731	-	-	-	37,731
Other Assets	16,215	582	132	-	-	16,929
Total financial assets less derivatives	178,303	38,313	132	-	-	216,748

20 Financial risk management (continued)

20.3 Liquidity risk (continued)

20.3.1 Financial assets and liabilities less derivatives (continued)

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2023 (continued)						
Liabilities						
Due to banks	-	-	-	-	-	-
Due to affiliated companies	1,431	-	-	-	-	1,431
Other liabilities	1,101	2,339	1,088	348	-	4,876
Total financial liabilities less derivatives	2,532	2,339	1,088	348	-	6,307
Liquidity gap	175,771	35,974	(956)	(348)	-	210,441
Cumulative gap	175,771	211,745	210,789	210,441	-	

20.4 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department.

Trading portfolios include those portfolios arising from market-making transactions where The Company acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of The Company's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from The Company's amortised and FVOCI securities.

20.4.1 Market risk measurement techniques

The major measurement technique used by The Company to measure and control market risk is stress testing.

The Company applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on The Company's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

20.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from Group Risk Management (GRM). The Board approves the risk appetite for IRRBB, and the Asset Liability Committee (ALCO) and GRM provide ongoing governance through IRRBB risk policies, limits, operating standards and other controls. IRRBB reports are reviewed monthly by GRM, ALCO, and quarterly by the Board.

IRRBB measurement

To monitor and control IRRBB, The Company assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios, and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarios on projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. EVE is measured as the difference in net present value of assets minus liabilities plus the net value of off-balance sheet items. In measuring EVE risk, scenario valuation techniques are applied to detailed spot position data. NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour on non-maturity deposits and product pricing with consideration of possible forward-looking changes. All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

Market risk measures – IRRBB Sensitivities

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency ($'000)	Hard Currency ($'000)	Local Currency ($'000)	Hard Currency ($'000)
As at October 31, 2024				
Impact before tax				
100 bps increase in rates	(181)	(115)	(970)	663
100 bps decrease in rates	182	115	970	(663
As at October 31, 2023				
Impact before tax				
100 bps increase in rates	(170)	(35)	(421)	207
100 bps decrease in rates	171	35	421	(207)

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Financial assets					
Cash and cash equivalents	78,503	-	-	159,370	237,873
Due from affiliated company	37,032	-	-	1,410	38,442
Other assets	-	-	-	18,946	18,946
Total financial assets	115,535	-	-	179,726	295,261
Financial liabilities					
Due to affiliated company	-	-	-	93,599	93,599
Other liabilities	-	-	-	4,194	4,194
Total financial liabilities	-	-	-	97,793	97,793
Interest sensitivity gap	115,535	-	-	81,933	197,468

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2023					
Financial assets					
Cash and cash equivalents	23,430	-	-	138,658	162,088
Due from affiliated company	36,965	-	-	766	37,731
Other assets	-	-	-	16,929	16,929
Total financial assets	60,395	-	-	156,353	216,748
Financial liabilities					
Due to affiliated company	-	-	-	1,431	1,431
Other liabilities	-	-	-	1,138	1,138
Total financial liabilities	-	-	-	2,569	2,569
Interest sensitivity gap	60,395	-	-	153,784	214,179

20.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

20.5.1 Concentrations of currency risk

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets, US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Currency exposure resides mainly in trading activity.

20 Financial risk management (continued)

20.5 Currency risk (continued)

20.5.1 Concentrations of currency risk (continued)

The table below summarises The Company's exposure to foreign currency exchange rate risk.

	TTD ($'000)	USD ($'000)	Total ($'000)
As at October 31, 2024			
Financial assets			
Cash and cash equivalents	159,370	78,503	237,873
Due from affiliated company	38,442	-	38,442
Other assets	18,946	-	18,946
Total financial assets	216,758	78,503	295,261
Financial liabilities			
Due to affiliated company	93,599	-	93,599
Other liabilities	4,194	-	4,194
Total financial liabilities	97,793	-	97,793
Net Statement of Financial Position	118,965	78,503	197,468
As at October 31, 2023			
Financial assets			
Cash and cash equivalents	138,658	23,430	162,088
Due from affiliated company	37,731	-	37,731
Other assets	16,929	-	16,929
Total financial assets	193,318	23,430	216,748
Financial liabilities			
Due to affiliated company	1,431	-	1,431
Other liabilities	1,138	-	1,138
Total financial liabilities	2,569	-	2,569
Net Statement of Financial Position	190,749	23,430	214,179

As at October 31, 2024 had the exchange rate between the TT dollar and US dollar increased or decreased by 1% with all other variables held constant, the increase or decrease in profit or loss would amount to $234,300 (2023: $234,300).

20.6 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

20.6.1 Maximum exposure to credit risk

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Cash and cash equivalents	237,873	162,088
Due from affiliated company	38,442	37,731
Accounts receivable	18,946	16,929
Total	295,261	216,748

20.6.2 Credit quality by class of financial assets

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2024				
Cash and cash equivalents	237,873	-	-	237,873
Due from affiliated company	38,442	-	-	38442
Accounts receivable	18,946	-	-	18,946
Total	295,261	-	-	295,261
As at October 31, 2023				
Cash and cash equivalents	162,088	-	-	162,088
Due from affiliated company	37,731	-	-	37,731
Accounts receivable	16,929	-	-	16,929
Total	216,748	-	-	216,748

20.7 Capital management

Capital management is a proactive process that ensures that the Company has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

Capital adequacy and the use of regulatory capital are monitored by the Company's management, based on an internal risk assessment approach employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the various territories in which the Company operates.

The Company is governed by the risk-based capital targets set by the Central Bank of Trinidad and Tobago, and are required to calculate capital ratios and capital-to-risk adjusted assets multiples using the framework adopted by the Central Bank of Trinidad and Tobago.

Under the local guidelines, adjusted qualifying capital includes core capital and supplementary capital. Core capital mainly consists of fully paid and issued share capital, audited retained earnings, statutory reserve fund, capital reserves excluding asset revaluation reserves less goodwill. Supplementary capital includes subordinated debt, asset revaluation reserves and unaudited profits. Regulatory capital ratios are calculated by dividing core capital by risk-weighted assets and qualifying capital by risk adjusted assets. The required information is filed with the authorities on a monthly or quarterly basis as prescribed by the regulator.

The Company is required to maintain regulatory capital at a minimum of 12.50% (2023:10%). The Company's regulatory capital ratio is 45.63 67.01% (2023: 47.93%). The 2020 Basel II/III implementation included the Central Bank of Trinidad and Tobago (CBTT) promulgation of the Financial Institutions (Capital Adequacy) Regulations, 2020 with effect from May 2020. The parallel reporting under Basel I was discontinued in August 2020, after the July 2020 reporting cycle.

The table below summarizes the composition of regulatory capital and the ratio of the Company at the Statement of Financial Position date. During those two periods, the Company complied with all of the externally imposed capital requirements to which it is subject.

	2024 ($'000)	2023 ($'000)
Tier 1 capital		
Stated capital	15,019	15,019
Statutory reserve	15,019	15,019
Retained earnings	162,366	167,267
Total qualifying Tier 1 capital	192,404	197,305
Tier 2 capital		
Other reserve	-	-
Total qualifying Tier 2 capital	-	-
Total regulatory capital	192,404	197,305
Risk weighted assets:		
On-Statement of Financial Position	420,983	408,690
Total risk weighted assets	420,983	408,690
Total regulatory capital to risk weighted assets	45.63 %	47.93%

21 Fair value of financial assets and liabilities

Financial assets and liabilities not carried at fair value include cash and cash equivalents, receivables and payables. The following comments are relevant to their fair value.

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) cash and cash equivalents; (ii) receivables and payables included in other assets and other liabilities.

22 Financing arrangements

The Company has access to an overdraft facility in the amount of $45 million (2023: $45 million)

23 Administered funds

The Company acts as an investment manager and in that capacity places assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company. Assets under management as at October 31, 2024 totalled $28 billion (2023: $27 billion).

24 Events after the reporting period

No significant events occurred after the statement of financial position date and up to the date of the approval of the financial statements by the Board of Directors.

Merchant Bank
Caribbean

Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

Chairman's Report

The financial year ended 31 October 2024, saw RBC Merchant Bank (Caribbean) Limited ("the Bank") end with a reported net profit after tax of $36.7 million, representing a decline of $78.7 million when compared to the prior year's $115.4 million.

This performance was primarily reflective of a decline in revenue from investments. Over the fiscal year the investment portfolio was reduced to facilitate the liquidation of deposit balances with an affiliated company - a strategic change in our approach to sourcing funding. Additionally, non-interest expenses were higher in the current year, as the Bank benefited from a favourable adjustment in the prior period related to IAS 19 which impacted staff costs.

With the reduction in the investment portfolio and repayment of affiliate balances, total assets declined by $2.6 billion to $1.4 billion with a corresponding decline in total liabilities from $3.1 million to $0.5 million. Loans to customers decreased by $32.6 million to $653.5 million, while customers' deposits increased by $62.3 million to $418.1 million. The Bank is well capitalised with a capital ratio of 54.38%, which is well in excess of required regulatory thresholds.

On behalf of the Board of Directors and executives of RBC, I would like to thank our clients for the confidence they show in us as we continue to focus on delivering simplified and exceptional client experiences. I would also like to thank our employees who continue to be the driving force behind all 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.

Marc Jardine
Chairman
January 22, 2025

Statement of Management's Responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of RBC Merchant Bank (Caribbean) Limited (the "Company") which comprise the statement of financial position as at October 31, 2024 and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Regional Vice President – Corporate and Investment Banking	Director - Finance Trinidad and Tobago
January 22, 2025	January 22, 2025

Independent Auditor's Report

To the shareholder of RBC Merchant Bank (Caribbean) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RBC Merchant Bank (Caribbean) Limited (the Company) as at 31 October 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2024;
- the statement of income and other 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 International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises The Chairman's Report and RBC Merchant Bank (Caribbean) Limited Annual Report 2024 but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read The Chairman's Report and the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the 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 ISAs 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.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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
Port of Spain
Trinidad, West Indies
27 January 2025

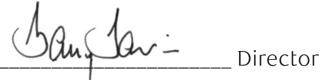
Statement of Financial Position

	Notes	2024 ($'000)	2023 ($'000)
		As at October 31,	
Assets			
Cash and short term instruments	3	468,227	368,645
Balances with Central Bank	4	36,561	37,324
Loans	6	653,545	686,125
Securities	7	87	2,633,453
Investment in associated company and joint venture	8	222,085	216,326
Due from associates and affiliated companies	9	23,232	23,928
Intangible assets	10	543	936
Equipment	11	111	111
Corporation taxation recoverable		3,839	26,849
Deferred tax assets	12	3,806	6,429
Other assets	13	4,205	14,385
Total assets		1,416,241	4,014,511
Liabilities			
Customers' deposits	14	418,105	355,834
Other funding instruments	15	8,479	8,610
Due to affiliated companies	16	4,528	2,692,948
Post-retirement benefit obligation	17	4,188	4,819
Current income tax liabilities		-	9,086
Deferred tax liabilities	12	8,820	10,028
Other liabilities	18	20,003	19,785
Total liabilities		464,123	3,101,110
Equity			
Stated capital	19	140,000	140,000
Statutory reserve	20	140,000	140,000
Other components of equity		(1,651)	(1,629)
Investment revaluation reserve	21	(6)	(2,009)
Contributed surplus		1,211	1,211
Retained earnings		672,564	635,828
Total equity		952,118	913,401
Total equity and liabilities		1,416,241	4,014,511

The notes form an integral part of these financial statements.

On January 22, 2025, the Board of Directors of RBC Merchant Bank (Caribbean) Limited authorised these Financial Statements for issue.

____________________ Director


____________________ Director

Statement of Income and Other Comprehensive Income

	Notes	2024 ($'000)	2023 ($'000)
		Year ended October 31,	
Interest income	22	94,480	195,388
Interest expense	23	(16,350)	(17,919)
Net interest income		78,130	177,469
Non-interest income/ (expense)	24	3,166	(671)
Total revenue		81,296	176,798
Non-interest expenses	25	(43,859)	(33,803)
Provision for credit losses on loans		(1,583)	(2,204)
Provision for/ (release of) credit losses on securities		17	(12)
Total non-interest expenses		(45,425)	(36,019)
Share of profit/ (losses) of associated company	8.1	3,449	(1,007)
Share of profit of joint venture	8.2	14,689	6,988
Net income before taxation		54,009	146,760
Taxation expense	27	(17,273)	(31,322)
Net income after taxation		36,736	115,438
Other comprehensive income/(loss), net of taxes:			
Items that may be reclassified subsequently to profit or loss:			
Net unrealized gains/ (losses) on securities at fair value through other comprehensive income		2,861	(2,250)
Tax impact		(858)	675
	21	2,003	(1,575)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-retirement benefit obligations	17.4	(31)	324
Tax impact		9	(97)
Other comprehensive income/(loss) for the year, net of taxes		1,981	(1,348)
Total comprehensive income for the year		38,717	114,090

The notes form an integral part of these financial statements.

Statement of Changes in Equity

	Stated capital ($'000)	Statutory reserve ($'000)	Other components of equity ($'000)	Investment Revaluation reserve ($'000)	Contributed surplus ($'000)	Retained earnings ($'000)	Total ($'000)
Balance at October 31, 2023	140,000	140,000	(1,629)	(2,009)	1,211	635,828	913,401
Other comprehensive (loss)/ income	-	-	(22)	2,003	-	-	1,981
Net income after taxation	-	-	-	-	-	36,736	36,736
Total comprehensive (loss)/ income	-	-	(22)	2,003	-	36,736	38,717
Balance at October 31, 2024	140,000	140,000	(1,651)	(6)	1,211	672,564	952,118
Balance at October 31, 2022	140,000	140,000	(1,856)	(434)	1,211	520,390	799,311
Other comprehensive income/ (loss)	-	-	227	(1,575)	-	-	(1,348)
Net income after taxation	-	-	-	-	-	115,438	115,438
Total comprehensive income/ (loss)	-	-	227	(1,575)	-	115,438	114,090
Balance at October 31, 2023	140,000	140,000	(1,629)	(2,009)	1,211	635,828	913,401

The notes form an integral part of these financial statements.

Statement of Cash Flows

	Notes	Year ended October 31, 2024 ($'000)	2023 ($'000)
Net income before taxation		54,009	146,760
Adjustment for:			
Provision for credit losses on loans to customers		1,583	2,204
(Provision for)/ release of credit losses on securities		(17)	12
Post-retirement benefit expense/ (write-back)		824	(5,368)
Net investment trading income		278	650
Unrealised gains on derivatives		-	(92)
Depreciation and amortisation of equipment and intangible assets		421	459
Share of profits of associate company and joint venture		(18,138)	(5,981)
Accretion on securities		(25,983)	(88,546)
Operating income before changes in operating assets and liabilities		12,977	50,098
(Increase)/decrease in operating assets:			
Balances with central bank		(4,734)	9,428
Loans		30,997	(161,288)
Due from associates and affiliated companies		696	258
Other assets		10,180	(4,178)
Increase/(decrease) in operating liabilities:			
Customers' deposits		62,271	(162,952)
Other funding instruments		(131)	(10,940)
Due to affiliated companies		(2,688,420)	438,366
Other liabilities		(1,254)	(4,997)
Taxes paid		1,371	6,703
Cash (used in)/ generated from operating activities		(2,576,047)	160,498
Investing activities			
Purchase of securities		(17,537)	(4,716,827)
Proceeds from sale and redemption of securities		2,679,469	4,203,392
Dividends received from associated company and joint venture		8,228	5,050
Additions to equipment and intangible assets		(28)	(955)
Cash provided by/ (used in) investing activities		2,670,132	(509,340)
Net increase/ (decrease) in cash and cash equivalents		94,085	(348,842)
Cash and cash equivalents at beginning of year		375,436	724,278
Cash and cash equivalents at end of year	5	469,521	375,436
Interest received		103,108	191,226
Interest paid		(11,964)	(21,355)

The notes form an integral part of these financial statements.

Notes to the Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

1 Incorporation and business activities of the Company

RBC Merchant Bank (Caribbean) Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago in 1975. It is a wholly owned subsidiary of RBC Financial (Caribbean) Limited, also incorporated in the Republic of Trinidad and Tobago. The ultimate parent company is Royal Bank of Canada, which is incorporated in Canada. The Company operates under the provisions of the Financial Institutions Act 2008 and is licensed to carry on the business of a merchant bank, trust company, mortgage institution, finance house, confirming house and leasing corporation.

The Company offers a comprehensive range of financial services associated with the business activities, which it is authorised to conduct, including arranging and underwriting of securities, loan syndication, securities trading, advisory services and other capital market transactions in the Republic of Trinidad and Tobago and in other jurisdictions. The address of the Company's registered office is 7 – 9 St. Clair Avenue, St. Clair, Port of Spain, Trinidad.

In 2018, the Company reduced its ordinary share holding in RGM Limited from 33.3% to 19.3%; subsequent to the disposal, the Company still holds 33.3% of preference shares and therefore continues to be entitled to this percentage of the profits of RGM Limited. The Company also has a 20% equity interest in Park Court Limited, which, like RGM Limited, is a property development company.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these financial statements are summarized below. These accounting policies conform, in all material respects, to IFRS. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

Basis of preparation

Statement of compliance

The Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- post-retirement benefit obligation measured at fair value.

Basis of measurement

The Financial Statements are prepared in Trinidad and Tobago dollars.

Use of estimates and assumptions

In preparing our Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities, pensions and other post-employment benefits, income taxes, other intangible assets and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgments

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

- Leases — Note 2
- Revenue recognition — Note 2
- Fair value of financial instruments — Note 2, Note 36
- Allowance for credit losses — Note 2, Note 6, Note 7
- Employee benefits — Note 2, Note 17
- Share-based compensation — Note 2, Note 26
- Other intangibles — Note 2, Note 10
- Application of the effective interest method — Note 2

2 Summary of material accounting policies, estimates and judgements (continued)

Significant judgments (continued)

• Derecognition of financial assets	Note 2
• Income taxes	Note 2, Note 27
• Provisions	Note 2, Note 30

Changes in accounting policies

IFRS 17 Insurance Contracts (IFRS 17)

In May 2017, the IASB issued IFRS 17 to establish a comprehensive insurance standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held and will replace the existing IFRS 4 Insurance Contracts (IFRS 4). In June 2020, the IASB issued amendments to IFRS 17, including deferral of the effective date by two years. This new standard is effective for us on November 1, 2023 and is to be applied retrospectively with comparatives restated beginning November 1, 2022.

Under IFRS 17, insurance contracts are contracts under which we accept significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Embedded derivatives, investment components and promises to provide non-insurance services, provided specific criteria are met, are separated from the measurement of insurance and reinsurance contracts. Insurance and reinsurance contracts are aggregated into portfolios that are subject to similar risks and are managed together, and then divided into groups based on the period of issuance and expected profitability. However, based on RBC Merchant Bank (Caribbean) Limited's assessment, a nil impact to the books is anticipated at this time.

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 classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for us on November 1, 2026. We are currently assessing 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, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for us on November 1, 2027. We are currently assessing the impact of adopting this standard on our Financial Statements.

Amendments to Disclosure of Accounting Policies

The IASB issued *Disclosure of Accounting Policies* which amended IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* (the Amendment). The Amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The Amendment is effective for us on November 1, 2023. The adoption of this Amendment did not have a material impact on our Financial Statements.

Other material accounting policies

The following accounting policies are applicable to all periods presented:

Investment in associated company and joint ventures

Our investments in associated corporations and limited partnerships over which we have significant influence are accounted for using the equity method. The equity method is also applied to our interests in joint ventures over which we have joint control. Under the equity method of accounting, investments are initially recorded at cost, and the carrying amount is increased or decreased to recognise our share of the investee's net profit or loss, including net profit or loss recognised in Other Comprehensive Income, subsequent to the date of acquisition.

Classification of financial assets

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

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

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

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

Business model assessment

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

- How the economic activities of the businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 34, and the activities taken to manage those risks;
- Historical and future expectations of sales of the loans and securities managed as part of a business model; and
- The compensation structures for managers of the businesses within the Company, to the extent that these are directly linked to the economic performance of the business model.

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

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

SPPI assessment

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

Securities

Investment securities include all securities classified as FVOCI and amortized cost.

Investment securities carried at amortized cost are measured using the effective interest rate method, and are presented net of any allowance for credit losses, calculated in accordance with the Company's policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortized cost are recorded in net interest income. Impairment gains or losses recognized on amortized cost securities are recorded in provision for credit losses. When a debt instrument measured at amortized cost is sold, the difference between the sale proceeds and the amortized cost of the security at the time of sale is recorded as a net gain (loss) on securities in non-interest income.

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

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

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an “accounting mismatch”). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category subsequently.

Financial assets designated as FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in non-interest income.

Financial liabilities designated as FVTPL are initially recorded at fair value and fair value changes attributable to changes in our own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in our own credit risk are recorded in Non-interest income. Upon initial recognition, if we determine that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in our debt designated as at FVTPL is recognized in net income. To make that determination, we assess whether we expect that the effects of changes in the liability’s credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument. The determination is made at initial recognition and is not reassessed.

To determine the fair value adjustments on our financial liabilities designated as at FVTPL, we calculate the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Derivatives

Derivatives are primarily used in trading activities. Derivatives are also used to manage our exposure to interest, currency, credit and other market risks. The most frequently used derivative products are interest rate and foreign exchange swaps, options, futures, and forward rate agreements, equity swaps and credit derivatives. All derivative instruments are initially recorded on our Statement of Financial Position at fair value.

When derivatives are embedded in other financial instruments or host contracts, such combinations are known as hybrid instruments. Some of the cash flows of a hybrid instrument vary in a way similar to a stand-alone derivative. If the host contract is a financial asset within the scope of IFRS 9, the classification and measurement criteria are applied to the entire hybrid instrument as described in the classification of financial assets section of Note 2. If the host contract is a financial liability or an asset that is not within the scope of IFRS 9, embedded derivatives are separately recognized if the economic characteristics and risks of the embedded derivative are not clearly and closely related to the host contract, unless an election has been made to apply the fair value option, as described above. The host contract is accounted for in accordance with the relevant standards. When derivatives are used in trading activities, the realized and unrealized gains and losses on these derivatives are recognized in non-interest income. Derivatives with positive fair values are presented as derivative assets and derivatives with negative fair values are reported as derivative liabilities. In accordance with our policy for offsetting financial assets and financial liabilities, the net fair value of certain derivative assets and liabilities are reported as an asset or liability, as appropriate. Valuation adjustments are included in the fair value of derivative assets and derivative liabilities. Premiums paid and premiums received are part of derivative assets and derivative liabilities, respectively.

Loans

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

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortized into non-interest income over the commitment or standby period. Prepayment fees on mortgage loans are not included as part of the effective interest rate at origination. If prepayment fees are received on a renewal of a mortgage loan, the fee is included as part of the effective interest rate; and if not renewed, the prepayment fee is recognized in interest income at the prepayment date.

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

Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, securities, interest-bearing deposits with banks and accounts receivable. ACL on financial assets is disclosed in the notes to the financial statements. Provision for credit losses (PCL) on debt securities measured at FVOCI is booked to the Statement of Other Comprehensive Income and the ACL on debt securities measured at FVOCI is presented in other components of equity on the Statement of Financial Position. Financial assets carried at amortized cost are presented net of ACL on the Statement of Financial Position. Provision for credit losses (PCL) on amortized cost instruments are recognized directly in the Statement of Income.

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

We measure the ACL at each Statement of Financial Position date according to a three-stage expected credit loss impairment model:

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

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in provision for credit losses. Write-off and recoveries are recorded against allowance for credit losses.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the Statement of Financial Position date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the allowances from period to period that significantly affects the results of operations.

Measurement of expected credit losses

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

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

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

Expected life

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

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Expected life (continued)

in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

Assessment of significant increase in credit risk

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

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

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

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

Use of forward looking information

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

Further details on our forward looking assumptions and scenarios as at October 31, 2024 are provided in Note 6.1.

Scenario design

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of five distinct future macroeconomic scenarios. Scenarios and scenario weights are set at the Enterprise level; considering the RBC baseline forecast and reasonable downside and upside assumptions. Scenarios are global in nature and include predictions of macroeconomic conditions in North America, Europe and the Caribbean. Having scenarios and scenario weights set at the enterprise level allows RBC to have a consistent view of macroeconomic scenarios across business lines and legal entities.

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

Definition of default

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. Our definition of default may differ across products and consider both quantitative and qualitative factors, such as the terms of financial covenants and days past due. For wholesale borrowers, except as detailed below, default occurs when the borrower is more than 90 days past due on any material obligation to us, and/or we consider the borrower unlikely to make their payments in full without recourse action on our part, such as taking formal possession of any collateral held.

The definition of default used is applied consistently from period to period and to all financial instruments unless it can be demonstrated that circumstances have changed such that another definition of default is more appropriate.

Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each Statement of Financial Position date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, which could occur during the same reporting period as the migration from Stage 3 to Stage 2.

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit-impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, the accrual is calculated by applying the effective interest rate to the carrying amount, which is recorded on the Statement of Financial Position. The discount resulting from the impact of time delays in collecting principal (time value of money) is established and recorded through provision for credit losses.

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

Individually assessed loans (Stage 3)

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

Individually-assessed allowances are established in consideration of a range of possible outcomes, to the extent relevant to the circumstances of the specific borrower being assessed. Assumptions used in estimating expected future cash flows reflect current and expected future economic conditions based on expert credit judgement.

Significant judgment is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Collectively assessed loans (Stage 3)

Loans that are collectively assessed are grouped on the basis of similar risk characteristics, taking into account loan type, geographic location, collateral type, past due status and other relevant factors.

The collectively-assessed ACL reflects: (i) the expected amount of principal and interest calculated under the terms of the original loan agreement that will not be recovered, and (ii) the impact of time delays in collecting principal and /or interest (time value of money).

The expected amount of principal and interest that will be collected is estimated on a loan-by-loan basis and references historical loss experience of comparable portfolios with similar credit risk characteristics, adjusted for the current environment and expected future conditions. A portfolio-specific coverage ratio is applied against the impaired loan balance in determining the collectively assessed ACL. The time value of money component is calculated using discount factors that represent the expected recovery pattern of the comparable groups of loans. The discount factors reflect the historical experience of these groups adjusted for current and expected future economic conditions and/or industry factors. Significant judgment is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining expected credit losses. Changes in the amount expected to be recovered would have a direct impact on the provision for credit losses and may result in a change in the ACL.

Write-off of loans

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Modifications

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

A modified financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. A modified financial asset will migrate out of Stage 3 if the conditions that led to it being identified as credit-impaired are no longer present and relate objectively to an event occurring after the original credit-impairment was recognized. A modified financial asset will migrate out of Stage 2 when it no longer satisfies the relative thresholds set to identify significant increases in credit risk, which are based on changes in days past due and other qualitative considerations.

If a modification of terms does not result in derecognition of the financial asset, the carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate and a gain or loss is recognized only if material. The financial asset continues to be subject to the same assessments for significant increase in credit risk relative to initial recognition and credit-impairment, as described above. The financial asset continues to be monitored for significant increases in credit risk and credit-impairment.

If a modification of terms results in derecognition of the original financial asset and recognition of the new financial asset, the new financial asset will generally be recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. For the purposes of assessing for significant increases in credit risk, the date of initial recognition for the new financial asset is the date of the modification.

Determination of fair value

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

We have established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or Group Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors. We give priority to those third-party pricing services and prices having the highest and most consistent accuracy. The level of accuracy is determined over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. We have a systematic and consistent approach to control model use. Valuation models are approved for use within our model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and sets parameters for its use. All models are revalidated regularly.

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

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 we have 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 are inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value. Where observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgement is required in the determination of the model used, the selection of model inputs, and in some cases, the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market-risk valuation adjustments for such inputs and other model-risk valuation adjustments are assessed in all such instances.

Interest

Interest is recognized in interest income and interest expense in the Statement of Income and Other Comprehensive Income for all interest bearing financial instruments using the effective interest method. 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 net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Revenue recognition

Revenue is recognized when control of a service transfers to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognized the revenue as each performance obligation is satisfied.

The Company adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar. The Company reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of The Company's contracts that are identical or have similar contractual terms (for example standardized banking agreements with customers), the expedient is applied to many of The Company's current revenue streams.

In addition, the Company does not adjust for the effects of a significant financing component for contracts with a 12 months or less expected time difference between when we the transfer the service to the customer and the receipt of the contract consideration.

The Company expenses incremental costs to obtain a contract if the expected amortization period of the asset the Company otherwise would have recognized is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortization, is 12 months or less.

Income which falls under the scope of revenue recognition is not netted off against related expense with the exception of credit card fees and commissions. The Company does not incur material costs to obtain contracts with customers such as sales commissions.

Commissions and fees

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

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

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

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalized on initial recognition. For financial assets and financial liabilities measured at amortized cost, capitalized transaction costs are amortized through net interest income over the estimated life of the instrument using the effective interest method.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Statement of Financial Position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and short term instruments

Cash and short term instruments comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition. Cash and short term instruments with central banks is included within balances with central banks.

Derecognition of financial assets

Financial assets are derecognized from our Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred. When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized from our Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognize the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows. We derecognize transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in other assets in our Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognized in other liabilities in our Statement of Financial Position.

Derecognition of financial liabilities

We derecognize a financial liability from our Statement of Financial Position when our obligation specified in the contract expires, or is discharged or cancelled. We recognize the difference between the carrying amount of a financial liability transferred and the consideration paid in our Statement of Income and Other Comprehensive Income.

Guarantees

Financial guarantee contracts are contracts that contingently require us to make specified payments (in cash, other assets or provision of services) to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The Company has equal and offsetting claims against its customers in the event of a call on these commitments.

Employee benefits – Pensions and other post-employment benefits

Our defined benefit pension expense, which is included in non-interest expense, 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 liability, 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 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. 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 plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement 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 our pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality government 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 in the respective countries of our plans, may differ from actual experience as country specific 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 we recognize. Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in non-interest expense.

Share-based compensation

The Company offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, the Company's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as non-interest expense in the Statements of Income with a corresponding change in other liabilities. Compensation expense is recognized in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy

Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Statement of Income.

Income taxes

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

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. A deferred income tax asset or liability is determined for each temporary difference, except for earnings related to our subsidiaries, associates and interests in joint ventures where the temporary differences will not reverse in the foreseeable future and we have the ability to control the timing of reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date. Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied. The Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carried forward are included on the Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized; this review involves evaluating both positive and negative evidence.

The Company is subject to income tax laws where we operate, and the complex tax laws are potentially subject to different interpretations by the relevant taxation authority and the Company. Significant judgement is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of our tax positions to determine our tax provision, which includes our best estimate of tax positions that are under audit or appeal by relevant taxation authorities. We perform a review on a quarterly basis to incorporate our best assessment based on information available, but additional liability and income tax expense could result based on decisions made by the relevant tax authorities.

The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Statement of Financial Position, and also deferred tax expense in our Statements of Income and Other Comprehensive Income.

The Company complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions,

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Income taxes (continued)

contingent liabilities and contingent assets for uncertain tax positions. The Company is subject to income tax laws where the Company operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of the Company's tax positions, which includes the Company's best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The Company performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non-acceptance of the Company's tax positions by the relevant taxation authorities.

The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. The amendments introduce, with immediate effect, a temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of the international tax reform. The Company has not applied this exception and has instead amended all deferred taxes with the new rates as applicable. The impact is immaterial to The Company.

Other intangibles

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination or generated internally. Intangible assets acquired through a business combination are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite-life are amortized on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years. We do not have any intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives. Discount rates are based on the bank-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized in non-interest expense.

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in non-interest income in the Statement of Income and Other Comprehensive Income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets classified as securities, such as equity instruments, that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Assets and liabilities of our foreign operations with functional currencies other than Trinidad and Tobago dollars are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and income and expenses of these foreign operations are translated at average rates of exchange for the reporting period.

Unrealized gains or losses arising as a result of the translation of our foreign operations are reported in other comprehensive income on an after-tax basis. Upon disposal or partial disposal of a foreign operation, a proportionate amount of the accumulated net translation gains or losses is included in non-interest income.

Equipment

Equipment includes computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are:

- 3 to 10 years for computer equipment,
- 5 to 15 years for furniture, fixtures and other equipment.

Gains and losses on disposal are recorded in non–interest income.

Equipment are assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount. An impairment charge is recorded to the extent the recoverable amount of an asset, which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset. Fair value less costs of disposal is the amount obtainable from the sale of the asset in an orderly transaction between market participants, less costs of disposal.

After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount.

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A lease is an agreement whereby the lessor conveys to the lessee the right to obtain substantially all of the economic benefits from, and direct the use of, an identified asset for a period of time in return for consideration in the form a payment or series of payments.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are unspecialized, common, technologically unsophisticated, widely available, and widely used non-infrastructure assets. For short-term leases and leases of low-value assets, we record the lease payments as an operating expense on a straight-line basis over the lease term.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when we have 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 judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. We record provisions related to litigation, asset retirement obligations and other items. Provisions are recorded under other liabilities on our Statement of Financial Position.

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.

Dividend income

Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Stated capital

We classify a financial instrument that we issue as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

Comparative Information

Where necessary, comparative information have been adjusted to conform to the presentation in the current year.

3 Cash and short term instruments

	2024 ($'000)	2023 ($'000)
Treasury bills	202,116	134,028
Due from other banks	189,029	194,169
Due from affiliated companies	77,082	40,448
	468,227	368,645

3 Cash and short term instruments (continued)

Due from affiliated companies and other banks are deposits held with other banks on demand or for fixed periods up to three months. Treasury bills have original maturities up to three months.

4 Balances with Central Bank

	2024 ($'000)	2023 ($'000)
Monetary reserves	35,267	30,533
Cash balances	1,294	6,791
	36,561	37,324

Balances with central banks include monetary reserves, which are deposits that are not available for use in The Company's daily operations, cash balances and certificates of deposits held with the Central Bank of Trinidad and Tobago.

The Financial Institutions Act 2008 requires every non-banking financial institution to maintain a non-interest bearing deposit with the Central Bank of Trinidad and Tobago equivalent to 9% of deposits and other specified funding liabilities of the institution.

5 Cash and cash equivalents

	Notes	2024 ($'000)	2023 ($'000)
Cash and short term instruments	3	468,227	368,645
Cash balances with Central Bank	4	1,294	6,791
Cash and cash equivalents		469,521	375,436

6 Loans

	2024 ($'000)	2023 ($'000)
Commercial/corporate	669,863	699,677
Mortgages	2,259	3,435
Gross loans	672,122	703,112
Allowance for credit losses (Note 6.1)	(18,577)	(16,987)
	653,545	686,125
Stage 1	654,651	684,605
Stage 2	54	317
Stage 3	17,417	18,190
Gross loans	672,122	703,112
Current	319,457	140,656
Non-current	352,665	562,456
	672,122	703,112

During the fiscal period, no loans (2023 - $nil) have been pledged for the benefit of investors in other funding instruments.

6.1 Allowance for credit losses

	Balance at beginning of period ($'000)	Provision for credit losses ($'000)	Net write-offs ($'000)	Exchange rate and other ($'000)	Balance at end of period ($'000)
For the year ended October 31, 2024					
Commercial/corporate	16,971	1,565	11	-	18,547
Mortgages	16	18	-	(4)	30
	16,987	1,583	11	(4)	18,577
Undrawn loan commitments	1,072	882	-	-	1,954
For the year ended October 31, 2023					
Commercial/corporate	14,782	2,227	(38)	-	16,971
Mortgages	69	(23)	(28)	(2)	16
	14,851	2,204	(66)	(2)	16,987
Undrawn loan commitments	918	154	-	-	1,072

The following tables below reconcile the opening and closing allowance for credit losses for loans and commitments, by stage.

Reconciling items include the following:

- Model Changes reflects the impact of updates during the year to the models used to derive an estimate of credit losses. There were no updates to the existing models during the reporting period or the prior period.
- Transfers between stages, which are presumed to occur before any corresponding remeasurements.
- Purchases and originations, which reflect the newly recognized assets and the related allowance during the period.
- Derecognitions and maturities, which reflect the assets and related allowance derecognized during the period without a credit loss being incurred.
- Remeasurements for allowances, which comprise of the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time. For gross carrying amounts, this represents additional draws, repayments, and the accrual of interest under the effective interest method.
- Write-offs represent the closure/ elimination of a loan balance when there is no realistic prospect of recovery.
- Recoveries are the collection of cash or cash equivalents for a loan balance previously written-off.
- Exchange rate and other. This category includes the unwinding of the impact of time delays in collecting principal and/or interest (time value of money).

For the year ended October 31, 2024
Allowance for Credit Losses
($'000)

	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Commercial/corporate				
Balance at beginning of period	5,253	-	11,718	16,971
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	-	-	-	-
Derecognitions and maturities	-	-	-	-
Remeasurements	773	-	792	1,565
Write-offs	-	-	(3)	(3)
Recoveries	-	-	14	14
Exchange rate and other	-	-	-	-
Balance at end of period	6,026	-	12,521	18,547
Mortgages				
Balance at beginning of period	3	6	7	16
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	5	(5)	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	-	-	-	-
Derecognitions and maturities	-	-	(6)	(6)
Remeasurements	(7)	-	31	24
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Exchange rate and other	-	-	(4)	(4)
Balance at end of period	1	1	28	30
Total				
Balance at beginning of period	5,256	6	11,725	16,987
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	5	(5)	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	-	-	-	-
Derecognitions and maturities	-	-	(6)	(6)
Remeasurements	766	-	823	1,589
Write-offs	-	-	(3)	(3)
Recoveries	-	-	14	14
Exchange rate and other	-	-	(4)	(4)
Balance at end of period	6,027	1	12,549	18,577

6 Loans (continued)

6.1 Allowance for credit losses (continued)

	For the year ended October 31, 2023 Allowance for Credit Losses ($'000)			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Commercial/corporate				
Balance at beginning of period	3,831	-	10,951	14,782
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	1,830	-	-	1,830
Derecognitions and maturities	(361)	-	(176)	(537)
Remeasurements	(47)	-	981	934
Write-offs	-	-	(42)	(42)
Recoveries	-	-	4	4
Exchange rate and other	-	-	-	-
Balance at end of period	5,253	-	11,718	16,971
Mortgages				
Balance at beginning of period	8	7	54	69
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1	(1)	-	-
Transfers in (out) to Stage 2	-	23	(23)	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	-	-	-	-
Derecognitions and maturities	(1)	-	-	(1)
Remeasurements	(5)	(23)	6	(22)
Write-offs	-	-	(28)	(28)
Recoveries	-	-	-	-
Exchange rate and other	-	-	(2)	(2)
Balance at end of period	3	6	7	16
Total				
Balance at beginning of period	3,839	7	11,005	14,851
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	1	(1)	-	-
Transfers in (out) to Stage 2	-	23	(23)	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	1,830	-	-	1,830
Derecognitions and maturities	(362)	-	(176)	(538)
Remeasurements	(52)	(23)	987	912
Write-offs	-	-	(70)	(70)
Recoveries	-	-	4	4
Exchange rate and other	-	-	(2)	(2)
Balance at end of period	5,256	6	11,725	16,987

Based on our collections policies, substantially all of the amounts written off during the period are still subject to enforcement activities at year end.

Key inputs and assumptions:

The measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions. The key drivers of changes in expected losses under the IFRS 9 model include our internal historical default rates, changes in credit quality, real GDP growth rates and non-energy GDP (for Trinidad and Tobago entities).

Our base scenario considers the existing economic conditions in the Caribbean and the moderating of real GDP growth rates in 2024-2026 as the economies revert to their steady state. The downside scenarios consider potential recessions with different levels of severity. The upside scenario reflects slightly stronger economic growth than the base scenario.

In arriving at the real and non-energy GDP growth rates, we incorporate external agencies such as IMF and Central Banks projections as well as the actual historic results of GDP growth in the Caribbean.

To assess the reasonableness of our GDP rates, if we amended Year 1 of the calendar quarter forecast of relevant GDP growth rates per territory used in the base case model to estimate the allowance for credit losses, the base case allowance for credit losses will move as follows:

- A 100 basis points increase will lower the allowance for credit losses by $0.33 million (2023 - $0.28 million).
- A 100 basis points decrease will increase the allowance for credit losses by $0.35 million (2023 - $0.30 million).

Further details on the key inputs and assumptions used as at October 31, 2024 are provided in Note 2 and Note 6.2.

The following table compares our probability-weighted estimate of expected credit losses for performing loans to expected credit losses estimated in our base case scenario. Results reflect the Stage 1 and Stage 2 allowance for credit losses.

	Carrying value ($'000)	Base Scenario ($'000)
As at October 31, 2024		
ACL on performing loans [1]	6,028	5,344
As at October 31, 2023		
ACL on performing loans [1]	5,262	4,519

[1] Represents Stage 1 and Stage 2 ACL on loans, acceptances, and commitments.

Transfers between stages

The following table illustrates the impact of staging on our ACL by comparing our allowance if all performing loans were in Stage 1 to the actual ACL recorded on these assets.

Performing loans [1]	As at October 31, 2024 ($'000)	As at October 31, 2023 ($'000)
ACL - all performing loans in Stage 1	6,028	5,256
Impact of staging	-	6
Stage 1 and 2 ACL	6,028	5,262

[1] Represents loans, acceptances and commitments in Stage 1 and Stage 2.

Staging is based on 30 days past due, centrally managed accounts, retail loans receiving business as usual deferrals granted by The Company, loans of clients who had a prior default during the last three years and increases in probability of default at the loan level.

6.2 Loan modifications

Relief provided to clients has been on a case by case basis as requested by the client. In some cases, the original terms of the associated loans are renegotiated or otherwise modified, resulting in changes to the contractual terms of the loans that affect the contractual cash flows. The terms were not substantially different and as such the original loans were not derecognised. For the year ended October 31, 2024, the amortized cost of Stage 2 and Stage 3 loans whose contractual terms were modified was $nil (2023:$ nil), resulting in no material modification gains or losses.

7 Securities

Carrying value of securities

The following table presents the contractual maturities of the carrying values of financial instruments held at the end of the period.

	Term to maturity [1]						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
As at October 31, 2024							
Fair value through other comprehensive income [2]							
Treasury bills and treasury notes							
Cost	-	-	-	-	-	-	-
Fair value [2]	-	-	-	-	-	-	-
Government and state-owned enterprise debt [2]							
Cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
Equities							
Cost	-	-	-	-	-	25	25
Fair value [3]	-	-	-	-	-	87	87
	-	-	-	-	-	**87**	**87**
Amortised costs [4]							
Cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total carrying value of securities	-	-	-	-	-	**87**	**87**

7 Securities (continued)

Carrying value of securities (continued)

	Term to maturity [1]						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
As at October 31, 2023							
Fair value through other comprehensive income [2]							
Treasury bills and treasury notes							
Cost	434,095	960,676	-	-	-	-	1,394,771
Fair value [2]	433,721	958,279	-	-	-	-	1,392,000
Government and state-owned enterprise debt [2]							
Cost	-	-	-	-	-	-	-
Fair value	-	-	-	-	-	-	-
Equities							
Cost	-	-	-	-	-	25	25
Fair value [3]	-	-	-	-	-	90	90
	433,721	958,279	-	-	-	90	1,392,090
Amortised costs [4]							
Cost	593,365	647,998	-	-	-	-	1,241,363
Fair value	592,591	646,072	-	-	-	-	1,238,663
	593,365	647,998	-	-	-	-	1,241,363
Total carrying value of securities	1,027,086	1,606,277	-	-	-	90	2,633,453

[1] Actual maturities may differ from contractual maturities shown above since borrowers may have the right to extend or prepay obligations with or without penalties.

[2] Debt securities carried at fair value through other comprehensive income are presented net of allowance for credit losses.

[3] We hold equity securities designated as FVOCI as the investments are not held-for-trading purposes.

[4] Amortized cost securities, included in securities are recorded at amortized cost, and are presented net of allowance for credit losses.

7.1 Unrealized gains and losses on securities at fair value through other comprehensive income

The following tables present unrealized gains and losses on securities at fair value through other comprehensive income as at the end of the period.

	Cost/ Amortized cost ($'000)	Gross unrealized gains [1] ($'000)	Gross unrealized losses [1] ($'000)	Fair value ($'000)
As at October 31, 2024				
FVOCI				
Treasury bills and treasury notes	-		-	-
Government and state-owned enterprises debt	-	-	-	-
Equities [2]	25	62	-	87
	25	62	-	87
As at October 31, 2023				
FVOCI				
Treasury bills and treasury notes	1,394,771		(2,771)	1,392,000
Government and state-owned enterprises debt	-	-	-	-
Equities [2]	25	65	-	90
	1,394,796	65	(2,771)	1,392,090

[1] Gross unrealized gains and losses include allowance for credit losses, excluding equities designated as FVOCI.

[2] Unrealized gains and losses on equities will not reclassify to profit and loss when realised.

7.2 Allowance for credit losses on securities

Significant changes in the gross carrying amount of securities at amortised cost that contributed to changes in the allowance include the following:

	2024 ($'000)	2023 ($'000)
Gross exposures		
Stage 1	-	1,241,368
Stage 2	-	-
Total securities	-	1,241,368
Less: allowance for credit losses	-	(5)
Securities net of expected credit losses	-	1,241,363

The following tables reconcile the opening and closing allowance for debt securities at amortized cost and FVOCI by stage. Reconciling items include the following:

- Transfers between stages, which are presumed to occur before any corresponding remeasurement of the allowance.
- Purchases and originations, which reflect the allowance related to assets newly recognized during the period.
- Derecognitions and maturities, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.
- Write-offs represent the closure/ elimination of a security balance when there is no realistic prospect of recovery.

Allowance for credit losses – securities at amortized cost

	Performing		Impaired	
	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
For the year ended October 31, 2024				
Balance at beginning of period	5	-	-	5
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	-	-	-	-
Derecognitions and maturities	(1)	-	-	(1)
Remeasurements	(4)	-	-	(4)
Write-offs	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	-	-	-	-
For the year ended October 31, 2023				
Balance at beginning of period	5	-	-	5
Provision for credit losses				
Model changes	-	-	-	-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	20	-	-	20
Derecognitions and maturities	(5)	-	-	(5)
Remeasurements	(15)	-	-	(15)
Write-offs	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	5	-	-	5

7 Securities (continued)

7.2 Allowance for credit losses on securities (continued)

Allowance for credit losses on securities at FVOCI [(1)]

	Performing		Impaired	
	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
For the year ended October 31, 2024				
Balance at beginning of period	13	-	-	13
Provision for credit losses				
Model changes	-	-		-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	7	-	-	7
Derecognitions and maturities	(16)	-	-	(16)
Remeasurements	(3)	-	-	(3)
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	1	-	-	1
For the year ended October 31, 2023				
Balance at beginning of period	-	-	-	-
Provision for credit losses				
Model changes	-	-		-
Transfers in (out) to Stage 1	-	-	-	-
Transfers in (out) to Stage 2	-	-	-	-
Transfers in (out) to Stage 3	-	-	-	-
Purchases and originations	17	-	-	17
Derecognitions and maturities	(4)	-	-	(4)
Remeasurements	-	-	-	-
Write-offs	-	-	-	-
Recoveries	-	-	-	-
Exchange rate and other	-	-	-	-
Balance at end of period	13	-	-	13

(1) Expected credit losses on debt securities at FVOCI are not separately recognized on the Statement of Financial Position as the related securities are recorded at fair value. The cumulative amount of credit losses recognized in profit or loss is presented in other components of equity.

7.3 Securities at amortised cost

	2024 ($'000)	2023 ($'000)
Government and state-owned enterprises debt securities	-	959,262
Corporate debt securities	-	282,101
	-	1,241,363
Current	-	1,241,363
Non-current	-	-
	-	1,241,363

7.4 Movement in securities

	FVOCI ($'000)	Amortised Cost ($'000)	Total ($'000)
As at October 31, 2023	1,392,090	1,241,363	2,633,453
Additions	-	-	-
Disposal (sale and redemption)	(1,421,878)	(1,257,591)	(2,679,469)
Gains from changes in fair value	2,787	-	2,787
Accretion of discount	18,754	7,229	25,983
Allowance for credit losses	-	5	5
Foreign exchange adjustment	8,334	8,994	17,328
As at October 31, 2024	87	-	87

	FVOCI ($'000)	Amortised Cost ($'000)	Total ($'000)
As at October 31, 2022	740,058	1,294,314	2,034,372
Additions	1,374,731	3,347,710	4,722,441
Disposal (sale and redemption)	(747,040)	(3,456,352)	(4,203,392)
Losses from changes in fair value	(2,222)	-	(2,222)
Accretion of discount	31,553	56,993	88,546
Allowance of credit losses	-	-	-
Foreign exchange adjustment	(4,990)	(1,302)	(6,292)
As at October 31, 2023	1,392,090	1,241,363	2,633,453

8 Investment in associated company and joint venture

	2024 ($'000)	2023 ($'000)
Associated company (Note 8.1)	27,533	25,118
Joint venture (Note 8.2)	194,552	191,208
	222,085	216,326

8.1 **Movement in the equity interest in associated company**

The Company's equity interest in its associated company, Park Court Limited, which was incorporated in Trinidad and Tobago, is 20%:

	2024 ($'000)	2023 ($'000)
Statement of Financial Position		
Assets		
Non-current assets	419,923	411,504
Current assets	15,352	13,011
Total assets	435,275	424,515
Liabilities		
Non-current liabilities	304,796	304,208
Current liabilities	6,911	5,759
Total liabilities	311,707	309,967
Net assets	123,568	114,548
The above amounts of assets and liabilities include the following:		
Non-current financial liabilities (excluding trade and other payables and allowances)	304,796	304,208
Statement of Income and Other Comprehensive Income		
Total revenue	37,322	43,158
Total comprehensive income	13,165	18,266

The financial year end of the associate is December. For the purpose of applying the equity method of accounting the financial statements for September 2024 (2023: September 2023) have been used and appropriate adjustments have been made for the effects of significant transactions between September 30 and October 31 each year.

	2024 ($'000)	2023 ($'000)
Balance at beginning of the year	25,118	25,825
Share of current period's profits/(losses), before tax	3,449	(1,007)
Share of current period's tax (Note 27)	(1,034)	302
Dividends	-	(750)
Transfer dividend accrual from Accounts Receivable	-	748
Balance at end of the year	27,533	25,118

8.2 **Movement in interest in joint venture**

The Company's equity interest in joint venture is as follows:

	Country of incorporation	Percentage of equity capital held
RGM Limited	Republic of Trinidad and Tobago	33.3%

The financial year end of the joint venture is December. For the purpose of applying the equity method of accounting the financial statements for September 2024 (2023: September 2023) have been used and appropriate adjustments have been made for the effects of significant transactions between September 30 and October 31 each year. During 2018, the Company reduced its Ordinary Share holding in RGM Limited from 33.3% to 19.3%; subsequent to the disposal, the Company still holds 33.3% of Preference Shares and therefore in accordance with the Articles governing Preference Shares issued, continues to be entitled to this percentage of the profits of RGM.

8 Investment in associated company and joint venture (continued)

8.2 Movement in interest in joint venture (continued)

The Company's interest in RGM Limited comprises of 33.3% of the following:

	2024 ($'000)	2023 ($'000)
Statement of Financial Position		
Assets		
Investment properties	753,047	759,442
Other non-current assets	14,290	20,795
	767,337	780,237
Current assets	99,668	104,926
Total assets	867,005	885,163
Liabilities		
Non-current liabilities	252,253	272,829
Current liabilities	32,796	38,270
Total liabilities	285,049	311,099
Net assets	581,956	574,064
The above amounts of assets and liabilities include the following:		
Cash and short term instruments	64,976	76,028
Current financial liabilities (excluding trade and other payables and allowances)	7,676	7,007
Non-current financial liabilities (excluding trade and other payables and allowances)	252,253	272,829
Statement of Income and Other Comprehensive Income		
Income	140,274	137,807
Expenses	(104,998)	(112,328)
Profit before tax	35,276	25,479
Taxation	(6,056)	(4,811)
Profit after tax	29,220	20,668
Proportionate interest in joint venture's commitments	-	-
Balance at beginning of the year	191,208	190,995
Share of current period's profits before tax	14,689	6,988
Share of current period's tax (Note 27)	(3,117)	(2,475)
Dividends received	(8,228)	(4,300)
Balance at end of the year	194,552	191,208

9 Due from associates and affiliated companies

	2024 ($'000)	2023 ($'000)
Due from RBC Royal Bank (Trinidad & Tobago) Limited	21,607	23,293
Due from RBC Financial (Caribbean) Limited	-	635
Due from Park Court Limited	1,625	-
	23,232	23,928

10 Intangible assets

2024	Computer Software ($'000)	Work in Progress ($'000)	Total ($'000)
Opening net carrying	936	-	936
Additions	-	-	-
Disposals	-	-	-
Transfers [1]	-	-	-
Amortisation	(393)	-	(393)
Closing net carrying	543	-	543
Cost	4,437	-	4,437
Accumulated	(3,894)	-	(3,894)
Net carrying value	543	-	543

2023	Computer Software ($'000)	Work in Progress ($'000)	Total ($'000)
Opening net carrying	548	-	548
Additions	-	848	848
Disposals	-	-	-
Transfers [1]	790	(848)	(58)
Amortisation	(402)	-	(402)
Closing net carrying	936	-	936
Cost	4,437	-	4,437
Accumulated	(3,501)	-	(3,501)
Net carrying value	936	-	936

[1] This represents transfers and adjustments to intangibles from premises and equipment in current period and transfers out of intangibles to premises and equipment in prior period.

During the year, assets fully depreciated and retired amounted to $nil (2023 - $nil).

There were no contractual commitments to acquire intangible assets in 2024 or 2023.

11 Equipment

	Computer equipment ($'000)	Furniture and equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2024				
Opening net book value	69	-	42	111
Additions	-	-	28	28
Transfers [1]	21	-	(21)	-
Depreciation charge	(28)	-	-	(28)
Closing net book value	62	-	49	111
At October 31, 2024				
Total cost	134	-	49	183
Accumulated depreciation	(72)	-	-	(72)
Net book value	62	-	49	111

[1] Included in additions are transfers of $nil from intangibles (Note 10).

During the year, assets fully depreciated and retired amounted to $0.1million (2023 - $nil).

	Computer equipment ($'000)	Furniture and equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2023				
Opening net book value	3	1	5	9
Additions	-	-	107	107
Disposals	-	-	(6)	(6)
Transfers	122	-	(64)	58
Depreciation charge	(56)	(1)	-	(57)
Closing net book value	69	-	42	111
At October 31, 2023				
Total cost	200	-	42	242
Accumulated depreciation	(131)	-	-	(131)
Net book value	69	-	42	111

12 Deferred tax assets and liabilities

	2024 ($'000)	2023 ($'000)
Deferred tax assets (Note 12.1)	3,806	6,429
Deferred tax liabilities (Note 12.2)	(8,820)	(10,028)
	(5,014)	(3,599)
The movement on the deferred tax account is as follows:		
At the beginning of the year	(3,599)	11,822
Investment revaluation reserve:		
- fair value (gains)/losses	(855)	675
Statement of Comprehensive Income (see Note 27):	(569)	(15,999)
Other	9	(97)
At the end of the year	(5,014)	(3,599)

12 Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following items:

	2024 ($'000)	2023 ($'000)
12.1 Deferred tax assets		
Allowance for credit losses	1,809	1,580
Post retirement benefit	1,256	1,446
Provision for share based payments	520	246
Accelerated tax depreciation	18	-
Other	5	2,428
Leases	198	729
	3,806	6,429
12.2 Deferred tax liabilities		
Accelerated tax depreciation	-	10
Foreign currency translation	8,819	10,014
Unrealised gain on derivative (bond)	-	1
Investment impairment – IFRS9	1	3
Other	-	-
	8,820	10,028

13 Other assets

	2024 ($'000)	2023 ($'000)
Other taxes recoverable	246	173
Accounts receivable	85	1,711
Interest receivable	3,874	12,501
	4,205	14,385
Current	3,959	14,212
Non-current	246	173
	4,205	14,385

14 Customers' deposits

	2024 ($'000)	2023 ($'000)
Term deposits	418,105	355,834
	418,105	355,834
Sectoral analysis		
Consumers	15,625	16,521
Private sector	402,480	339,313
	418,105	355,834
Current	415,238	352,496
Non-current	2,867	3,338
	418,105	355,834

15 Other funding instruments

	2024 ($'000)	2023 ($'000)
Other funding instruments	8,479	8,610
	8,479	8,610
Sectoral analysis		
Individuals	4,177	4,313
Private sector	157	157
Financial institutions	4,145	4,140
	8,479	8,610
Current	8,479	8,610
Non-current	-	-
	8,479	8,610

The Company holds pooled assets in cash, securities and loans to cover other funding instruments in 2024. Securities held pledged for the benefit of investors in other funding instruments were $nil (2023: $nil).

Other funding instruments consist of fund raising instruments, which are unsecured borrowings. Interest rates on other funding instruments ranged from 0% to 6% (2023 – 0% to 6%).

16 Due to affiliated companies

	2024 ($'000)	2023 ($'000)
Due to RBC Royal Bank of Canada	966	1,722
Due to RBC Funding (Barbados) Ltd	-	2,631,211
Due to RBC Royal Bank (Trinidad and Tobago) Limited	-	60,008
Due to RBC Financial (Caribbean) Limited	3,562	7
	4,528	2,692,948

USD certificate of deposits taken with RBC Funding (Barbados) Limited matured in April 2024 (2023: $2,613 million (USD 387.9 million)). These deposits carried interest rates between 0 % - 1 %. (2023: 0 % - 1%).

17 Post-retirement benefit obligations

Plan characteristics

The Company, through its parent, RBC Financial (Caribbean) Limited, sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by local pension committees. The pension and other post-employment plans are managed on a Company basis.

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The main defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. Our defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of an employee's annual earnings. Our other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by the Company and valuations of the plans are performed at each fiscal year by independent actuaries. The liability in the Statement of Financial Position is allocated to all legal entities participating in the plans based on their participating membership headcount.

Risks

By their design, the defined benefit pension 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 costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

17.1 **The amounts recognised in the Statement of Financial Position are as follows:**

	Other post-retirement plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Fair value of plan assets	-	4	4
Post-retirement benefit obligation	(2,616)	(1,576)	(4,192)
Liability in the statement of financial position	(2,616)	(1,572)	(4,188)
October 31, 2023			
Fair value of plan assets	-	10	10
Post-retirement benefit obligation	(2,729)	(2,100)	(4,829)
Liability in the statement of financial position	(2,729)	(2,090)	(4,819)

17.2 **The movements in the fair value of plan assets over the period are as follows:**

	Other post-retirement plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	-	10	10
OCI Remeasurements:			
Return on plan assets (excluding amounts included in net interest expense)	-	(6)	(6)
At end of year	-	4	4
October 31, 2023			
At beginning of year	-	9	9
OCI Remeasurements:			
Return on plan assets (excluding amounts included in net interest expense)	-	1	1
At end of year	-	10	10

17 Post-retirement benefit obligations (continued)

17.3 **The movements in the post-retirement benefit obligation over the period are as follows:**

	Other post-retirement plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	2,729	2,100	4,829
Current service cost	13	44	57
Past service cost	-	-	-
Interest cost	165	107	272
Other comprehensive income remeasurements	(9)	34	25
Benefits paid	(47)	(1,486)	(1,533)
Other	(235)	777	542
At end of year	2,616	1,576	4,192
October 31, 2023			
At beginning of year	4,162	8,242	12,404
Current service cost	14	57	71
Past service cost	-	-	-
Interest cost	163	155	318
Other comprehensive income remeasurements	(167)	(157)	(324)
Benefits paid	(51)	(1,862)	(1,913)
Other	(1,392)	(4,335)	(5,727)
At end of year	2,729	2,100	4,829

17.4 **The amounts recognised in the Statement of Income and Other Comprehensive Income are as follows:**

	Other post-retirement plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Current service cost	13	44	57
Past service cost	-	-	-
Net interest cost	165	107	272
Other	(282)	777	495
Components of defined benefit costs recognised in profit or loss (note 25.1)	(104)	928	824
Remeasurements:			
Effect of changes in demographic assumptions	50	(4)	46
Effect of changes in financial assumptions	(33)	(49)	(82)
Effect of experience adjustments	(26)	87	61
Return on plan assets (excluding interest income)	-	6	6
Components of defined benefit costs recognised in other comprehensive income	(9)	40	31
Total	(113)	968	855
October 31, 2023			
Current service cost	14	57	71
Past service cost	-	-	-
Net interest cost	163	155	318
Other	(1,443)	(4,314)	(5,757)
Components of defined benefit costs recognised in profit or loss (note 25.1)	(1,266)	(4,102)	(5,368)
Remeasurements:			
Effect of changes in demographic assumptions	(31)	-	(31)
Effect of changes in financial assumptions	(73)	(147)	(220)
Effect of experience adjustments	(63)	(10)	(73)
Components of defined benefit costs recognised in other comprehensive income	(167)	(157)	(324)
Total	(1,433)	(4,259)	(5,692)

17.5 **Investment policy and strategies**

Defined benefit pension plan assets are invested prudently in order to meet our long-term pension obligations at a reasonable cost. The asset mix policy was developed within an asset/liability framework. Factors taken into consideration in developing our asset allocation include but are not limited to the following:

(i) the nature of the underlying benefit obligations, including the duration and term profile of the liabilities;

(ii) the member demographics, including 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 assets and liability volatility and correlations.

To implement our asset allocation policy, we may invest in equities and fixed income securities.

Composition of defined benefit pension plan assets

	2024 Fair value ($'000)	Percentage of total plan assets %	2023 Fair value ($'000)	Percentage of total plan assets %
Alternative investments	4	100	10	100
	4	100	10	100

Significant assumptions

Our methodologies to determine significant assumptions used in calculating the defined benefit pension and other post-retirement expense are as follows:

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on a local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	October 31, 2024	October 31, 2023
Discount rates – medical and life	6.30%	6.20%
Discount rates – pension	6.30%	6.20%
Expected return on plan assets	0.00%	0.00%
Salary increases	2.5%	2%/2.5%
Health care costs trend rate increases:		
- Immediate trend rate	5.00%	5.00%
- Ultimate trend rate	5.00%	5.00%

17.6 **Sensitivity analysis**

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-retirement benefit plans. The following table presents the sensitivity analysis of key assumptions:

	Increase/(decrease) in obligation 2024 ($'000)	2023 ($'000)
Pension plan:		
Impact of 1.0% (2023: 1.0%) decrease in discount rate	562	695
Impact of 1.0% (2023: 1.0%) increase in discount rate	(376)	(478)
Impact of 0.5% (2023: 0.5%) decrease in rate of increase in future compensation	(49)	(87)
Impact of 0.5% (2023: 0.5%) increase in rate of increase in future compensation	75	107
Impact of 1 year decrease in life expectancy	(60)	(80)
Impact of 1 year increase in life expectancy	69	81
Other post-retirement plans:		
Impact of 1.0% (2023: 1.0%) decrease in discount rate	366	395
Impact of 1.0% (2023: 1.0%) increase in discount rate	(299)	(322)
Impact of 0.5% (2023: 0.5%) decrease in rate of increase in future	-	-
Impact of 0.5% (2023: 0.5%) increase in rate of increase in future	-	-
Impact of 1% (2023: 1.0%) decrease in health care cost trend rate	(117)	(119)
Impact of 1% (2023: 1.0%) increase in health care cost trend rate	140	141
Impact of 1 year decrease in life expectancy	-	-
Impact of 1 year increase in life expectancy	2	-

18 Other liabilities

	2024 ($'000)	2023 ($'000)
Accruals and payables	5,064	10,236
Employee related costs	5,239	4,058
Interest payable	8,334	4,099
In-transit (includes suspense and in transit) accounts	1,366	1,392
	20,003	19,785
Current	16,117	10,538
Non-current	3,886	9,247
	20,003	19,785

19 Stated capital

	2024 ($'000)	2023 ($'000)
Issued and fully paid:		
140,000,000 ordinary shares of no par value	140,000	140,000

The total authorised number of ordinary shares at year-end was unlimited with no par value.

20 Statutory reserve

The Financial Institutions Act, 2008 requires that a minimum of 10% of the net profit after deduction of taxes in each year, of the company, be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital. Effective October 31, 2017 this balance was capped at the company's share capital of $140 million.

21 Investment revaluation reserve – FVOCI

	2024 ($'000)	2023 ($'000)
Balance at beginning of year	(2,009)	(434)
Net gains/(losses) arising during the period, net of tax	2,003	(1,575)
Balance at end of year	(6)	(2,009)

22 Interest income

	2024 ($'000)	2023 ($'000)
Securities (Note 22.1)	46,421	149,229
Loans	41,871	37,028
Due from banks	6,188	9,131
	94,480	195,388

22.1 **Securities**

	2024 ($'000)	2023 ($'000)
Amortised cost	13,238	100,002
FVOCI	33,183	49,227
	46,421	149,229

23 Interest expense

	2024 ($'000)	2023 ($'000)
Customers' deposits	8,775	2,446
Other funding instruments	128	(2,529)
Due to affiliates (Note 33)	7,447	18,002
	16,350	17,919

24 Non-interest income

The Company derives revenue over time and at a point in time within the following categories.

	2024 ($'000)	2023 ($'000)
Non-interest income at a point in time:		
Transaction service fees/ commissions	2,078	562
Net trading loss (Note 24.1)	(278)	(2,636)
Foreign exchange gains	1,186	387
Dividend income	1	1
Other income	179	1,015
	3,166	(671)

24.1 **Net trading loss**

	2024 ($'000)	2023 ($'000)
Securities at FVTPL:		
- realised and unrealised losses	(278)	(650)
Securities at Amortised cost:		
- realised losses	-	(1,982)
Derivative financial instruments:		
- realised and unrealised losses	-	(4)
	(278)	(2,636)

25 Non-interest expenses

	2024 ($'000)	2023 ($'000)
Staff costs (Note 25.1)	18,830	9,267
Premises and equipment expenses, excluding depreciation and operating lease rental	669	637
Advertising	300	202
Foreign exchange losses	-	-
Depreciation and amortization	421	459
Deposit insurance premium (Note 25.2)	752	726
Short-term lease expenses	615	714
Directors' fees	459	135
Auditor's fees (Note 25.3)	992	992
Other professional fees	189	357
Business and capital tax	1,847	1,679
Green fund levy	97	615
Management fees, net of expense recovery	12,716	11,814
Sundry and fraud losses	(7)	875
Other operating expenses	5,979	5,331
	43,859	33,803

25.1 **Staff costs include:**

	2024 ($'000)	2023 ($'000)
Wages and salaries including bonuses	16,041	13,691
Employees' defined contribution pension expense	719	728
Employees' defined benefit and post-retirement benefit costs (Note 17.4)	824	(5,368)
Share option plan-value of services provided	1,246	216
	18,830	9,267

25.2 **Deposit insurance premium**

Statutory regulations governing the operations of banks and other financial institutions in Trinidad and Tobago stipulate that an annual premium be paid to the Deposit Insurance Fund of 0.25% (2023: 0.20%) of average deposit liabilities outstanding at the end of each quarter of the preceding year.

25.3 **Audit fees**

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2024 ($'000)	2023 ($'000)
Audit of the financial statements for the year ended October 31	882	688
Other services provided to RBC Merchant Bank (Caribbean) Limited for the year ended October 31	110	304
Other services provided to any other controlled entities during the year ended October 31	-	-
	992	992

26 Share-based compensation

The Company offers share-based compensation plans (the "Plans"), which consists of shares issued by the Company's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Company offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from the Company's annual incentive program, all of which vest at the end of five years.

The Company offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and

26 Share-based compensation (continued)

is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

The following table presents the units granted under share-based compensation plans for the year:-

26.1 **Units granted under share-based compensation plans**

	Units granted ($'000)	Weighted average fair value per unit ($)
October 31, 2024		
Performance deferred share unit plans	481	604
RBC share unit plans	734	667
	1,215	
October 31, 2023		
Performance deferred share unit plans	494	642
RBC share unit plans	-	-
	494	

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses recognized for the year.

26.2 **Obligations under share-based compensation plans**

	Units ('000)	Carrying amount ($'000)
October 31, 2024		
Performance deferred share unit plans	1,316	1,083
RBC share unit plans	791	651
	2,107	1,734
October 31, 2023		
Performance deferred share unit plans	1,360	734
RBC share unit plans	157	85
	1,517	819

26.3 **Compensation expenses recognized under share-based compensation plans**

	2024 ($'000)	2023 ($'000)
Performance deferred share unit plans	680	186
RBC share unit plans	566	30
	1,246	216

27 Taxation expense

	2024 ($'000)	2023 ($'000)
Corporation tax	12,553	12,944
Current tax charge - business levy	-	206
Net deferred tax charge (Note 12):	569	15,999
Share of tax charge of associate company (Note 8.1)	1,034	(302)
Share of tax charge of joint venture (Note 8.2)	3,117	2,475
	17,273	31,322

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024 ($'000)	2023 ($'000)
Profit before taxation	54,009	146,760
Tax calculated at a rate of 30%	16,203	44,028
Income exempt from tax	(5,450)	(1,544)
Expenses not deductible for tax	815	(1,039)
Business levy	-	206
Leases	(531)	(568)
Other	6,236	(9,761)
Tax charge	17,273	31,322

The deferred income tax charge for the period comprises the following temporary differences:

	2024 ($'000)	2023 ($'000)
Accelerated tax depreciation	(28)	4
Financial assets at FVTPL	356	116
Regulatory loan loss reserve/ (allowance for impairment)	(225)	(425)
Realised losses on derivative financial instruments	-	27
Post-retirement benefit	198	2,176
Tax losses	-	13,459
Leases	531	568
Other temporary differences	(263)	74
Deferred tax charge	569	15,999

Corporation tax rates used 2024 - 30% (2023 - 30%).

28 Contributed surplus

(CBTT), the company was required to reduce its Ordinary Share holdings in RGM Limited from 33.3% to 19.3% through the sale of 147,000 of the Company's 350,000 ordinary shares of RGM Limited (RGM) to RBC Holdings (Barbados) Limited (RHBL). The shares were sold for TT$1,358,000/US$202,254 and the proceeds from sale were remitted via dividend to RBC Financial (Caribbean) Limited. As the transacting entities were under common control, the gain on sale of the 147,000 shares of TT$1,211,000 was booked as an adjustment to contributed surplus.

After the sale, there was a residual interest of 203,000 shares held by the Company in addition to 57,770,818 or 33.3% of Preference Shares Classes A-H in RGM. In accordance with the Articles governing Preference Shares issued, the Company remains entitled to this percentage of the profits of RGM, as substantially all the income is controlled by the Preference Shareholders. Therefore the profits will continue to be equity accounted using 33.3% interest.

29 Dividends

During the year, no dividends were declared to the immediate parent company – RBC Financial (Caribbean) Limited (2023: $nil). Dividends are accounted for as an appropriation of retained earnings when declared.

30 Contingent liabilities, guarantees and operating lease commitments

Legal proceedings

As at October 31, 2024, there were certain legal proceedings outstanding against the Company. No provisions have been made based on professional advice, as to the likely obligations arising from these matters. As a result, there were no provisions or contingent liabilities as at October 31, 2024 (2023: $nil).

Customers' liability under guarantees, indemnities and letters of credit

These represent the Company's potential liability for drawn-upon commitments under guarantees and letters of credit, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not reflected in the Statement of Financial Position.

Our credit review process, our policy for requiring collateral security, and the types of collateral security held are generally the same as required for loans. We believe that it is highly unlikely that all or substantially all of the guarantees and commitments will be drawn or settled within one year, and contracts may expire without being drawn or settled. Historically, we have not made any significant payments under such indemnifications.

As at October 31, 2024 accumulated allowance for credit losses for contingent liabilities amounted to $nil million (2023: $nil million) - Note 18.

31 Credit commitments

These represent the undrawn credit facilities for which The Company is potentially liable at year end. These include commitments of a credit nature which fall within the capital adequacy requirements specified in the Financial Institutions (Prudential Criteria) Regulations 1994 are $313.4 million (2023 - $175 million). These amounts are not reflected in the Statement of Financial Position.

The following table breaks down The Company's main credit exposure of credit commitments as categorized by industry sectors of counterparties.

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Financial Services	298,397	150,000
Construction	15,000	25,000
	313,397	175,000

32 Capital commitments

There are no commitments for capital expenditure at year-end (2023 - nil)

33 Related party transactions

Related parties

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

We have applied the low credit risk exemption on all loans and receivables, deposits and liabilities to associates and joint ventures and amounts due to and from associates and affiliates, as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any ACL is deemed to be insignificant.

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. They include the senior executives called the Operating Committee (OC) and Executive Management Committee (EMC). The OC and EMC are comprised of the Head Caribbean Banking and those individuals that report directly to him, including the Chief Financial Officer, Chief Human Resources Officer, Chief Risk Officer, and heads of our business and functional units. The EMC is ultimately responsible for all material decisions. The EMC is also responsible for establishing the overall strategic direction of the Company and, in that regard, sets global parameters for the Company within which the board of directors and management exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of RBC Merchant Bank (Caribbean) Limited do not plan, direct, or control the activities of the Group; they oversee the management of the business and provide stewardship.

	2024 ($'000)	2023 ($'000)
Outstanding balances		
Cash and short term instruments		
Other subsidiaries of Royal Bank of Canada	77,082	40,448
Loans and receivables		
Other subsidiaries of Royal Bank of Canada	21,607	23,928
Associate	1,625	-
	23,232	23,928
Deposits and other liabilities		
Other subsidiaries of Royal Bank of Canada	4,528	2,692,948
Interest expense		
Other subsidiaries of Royal Bank of Canada	7,447	18,002
Non-interest expense		
Other subsidiaries of Royal Bank of Canada	19,390	18,040

Compensation of key management personnel and Directors

The following tables present the compensation paid, shareholdings and options held by key management personnel and Directors:

	2024 ($'000)	2023 ($'000)
Key management compensation		
Share-based payment	1,418	350
Salaries and other short term benefits	1,420	1,923

Joint ventures and associates

In the normal course of business, The Company provides certain banking services to our joint ventures and associates, including loans, interest and non-interest bearing deposits.

34 Financial risk management

34.1 **Statement of Financial Position - categorization**

	2024 ($'000)	2023 ($'000)
Assets		
Financial assets at fair value through other comprehensive income		
Cash and short term instruments – treasury bills	202,116	134,028
Securities	-	1,392,000
Securities – equity instruments [1]	87	90
	202,203	1,526,118
Financial assets at amortised cost		
Cash on hand and due from banks	266,111	234,617
Balances with central bank	36,561	37,324
Securities	-	1,241,363
Loans	653,545	686,125
Due from associates and affiliated companies	23,232	23,928
Other assets	4,205	12,501
	983,654	2,235,858
Total financial assets	1,185,857	3,761,976
Non-financial assets	230,384	252,535
Total assets	1,416,241	4,014,511
Liabilities		
Financial liabilities at amortised cost		
Customers' deposits	418,105	355,834
Other funding instruments	8,479	8,610
Due to affiliated companies	4,528	2,692,948
Other liabilities	14,764	4,099
	445,876	3,061,491
Total financial liabilities	445,876	3,061,491
Non-financial liabilities	18,247	39,619
Total liabilities	464,123	3,101,110
Total equity	952,118	913,401
Total equity and liabilities	1,416,241	4,014,511

[1] *Securities - equity instruments designated as at FVOCI*

The Company designated certain equity securities which are not held for trading as FVOCI. The Company irrevocably elected to recognize the equity securities as FVOCI because the equity securities are held for the long term for strategic purposes.

The following table presents The Company's equity instruments designated as at FVOCI at the end of the period by business category.

	Number of companies [a]	Carrying value		Dividends	
		2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)
Business category					
Other	1	87	90	1	1
Total		87	90	1	1

[a] During the year ended October 31st, 2024 there were no disposals from the equity shares designated as FVOCI (2023 - $ nil).

34 Financial risk management (continued)

34.2 Risk management

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual unit within the Company is accountable for the risk exposures relating to its responsibilities. The Company is exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks.

Risk management structure

The Board of Directors is responsible for providing oversight over the management of risks. The EMC is responsible for managing and monitoring risks.

Executive Management Committee (EMC)

The EMC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Group's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit

A centralised Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Group Compliance and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Company in the three key areas of credit risk, market risk and operational risk. These units, are responsible for the independent oversight of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These units also ensure the risks are completely captured in the risk measurement and reporting systems.

Group Asset and Liability Committee (ALCO)

The Company utilises the Group ALCO, who provides oversight and monitoring of the financial resources of operating entities. The committee's mandate includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the Enterprise Risk Committee – Risk and Governance and the relevant Boards, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

ALCO provides oversight and monitoring of the financial resources of operating entities. ALCO is responsible for the oversight and monitoring of the financial resources of operating entities in The Group. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts.
- business and enterprise strategies.
- risks.
- The Group's legal entity structure.
- market developments.
- accounting pronouncements, and
- competitive and regulatory environments.

Considering these dynamics, ALCO is responsible for reviewing, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and The Group's investment portfolio, which are all centrally managed by Treasury. For these areas, ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

Internal Audit

Risk management processes throughout the Company are audited by the internal audit function that examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Committee and subsidiary Boards' Audit Committees.

Risk measurement and reporting systems

The Company's risks are measured using methods, which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information, which consists of several reports, is presented and explained to the EMC, the ALCO, and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, and liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, the Company uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

The Company actively uses collateral to reduce its credit risks.

34.3 Liquidity risk

Liquidity and funding risk (Liquidity risk) is the risk that The Company may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they come due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Company's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are all addendums to The Company's Ultimate Parent and will identify distinctions within the Caribbean. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management are the responsibilities of the Board, Enterprise Risk Committee - Risk and Governance and the Asset and Liability Committee for The Company. The liquidity management process for The Company is carried out by the Treasury department of each business unit and monitored by Treasury and ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. RBC Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

The Board and ALCO for The Company regularly reviews information on liquidity positions for each entity operating within The Company as well as on a consolidated level. ALCO annually reviews and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. Regulatory metrics include reserve requirements and Liquidity Coverage Ratio applicable to a few of the Caribbean Islands and Internal measurements for liquidity risk is performed monthly via internally defined Net Cash Flow. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. For example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. To manage liquidity risk within The Company's liquidity risk appetite, we set limits on various metrics over a range of time horizons, jurisdictions and currencies. The Company also considers various levels of stress conditions in our development of appropriate contingency, recovery and resolution plans. The Company's liquidity risk measurement and control activities cover multiple areas:

Tactical (shorter-term) liquidity risk

To address potential immediate cash flows risks in times of stress, The Company uses short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally-derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk

To guide our secured and unsecured wholesale term funding activities, The Company employs an Internal Liquidity Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk

Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Liquidity Contingency Plan (LCP) is maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered

34 Financial risk management (continued)

34.3 Liquidity risk (continued)

Contingency liquidity risk (continued)

liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, The Company's Liquidity Crisis Teams (LCTs) each meet at least annually or more as required to assess our liquidity status, and review the LCPs. During times of stress, provide linkages to the front line and other functions to support effective and coordinated crisis management and oversight. The Company's LCTs include members from key primary stakeholders including GRM. The liquidity status assessment and monitoring process informs management, ALCO and the Board of our assessment of internal and external events and their potential implications on liquidity risk.

34.3.1 Non-derivative cash flows

Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and short term Instruments	468,227	-	-	-	-	468,227
Balances with central bank	36,561	-	-	-	-	36,561
Gross loans	177,594	83,368	58,495	286,522	66,143	672,122
Allowance for credit losses	-	-	-	-	-	(18,577)
Securities	87	-	-	-	-	87
Due from associates and affiliated companies	23,232	-	-	-	-	23,232
Other assets	4,205	-	-	-	-	4,205
	709,906	83,368	58,495	286,522	66,143	1,185,857
Liabilities						
Customers' deposits	259,475	28,225	127,538	2,867	-	418,105
Other funding instruments	8,479	-	-	-	-	8,479
Due to associates and affiliated companies	4,528	-	-	-	-	4,528
Other liabilities	9,606	330	4,822	6	-	14,764
	282,088	28,555	132,360	2,873	-	445,876
Liquidity gap	427,818	54,813	(73,865)	283,649	66,143	739,981
Cumulative gap	427,818	482,631	408,766	692,415	758,558	

Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on loans, securities or deposits. Cash flows related to gross loans are disclosed based on number of days in each period.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2023						
Assets						
Cash and short term Instruments	368,645	-	-	-	-	368,645
Balances with central banks	37,324	-	-	-	-	37,324
Gross loans	38,255	19,860	82,542	471,998	90,457	703,112
Allowance for credit losses	-	-	-	-	-	(16,987)
Securities	1,027,176	1,606,277	-	-	-	2,633,453
Due from affiliated companies	23,928	-	-	-	-	23,928
Other assets	12,501	-	-	-	-	12,501
	1,507,829	1,626,137	82,542	471,998	90,457	3,761,976
Liabilities						
Customers' deposits	295,096	23,649	33,751	3,338	-	355,834
Other funding instruments	8,610	-	-	-	-	8,610
Due to associates and affiliated companies	2,057,076	635,872	-	-	-	2,692,948
Other liabilities	2,956	16	607	520	-	4,099
	2,363,738	659,537	34,358	3,858	-	3,061,491
Liquidity gap	(855,909)	966,600	48,184	468,140	90,457	700,485
Cumulative gap	(855,909)	110,691	158,875	627,015	717,472	

The following table provides remaining contractual maturity analysis of our financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows of all financial liabilities (e.g., par value or amount payable upon maturity). The amounts do not reconcile directly with those in our Statement of Financial Position as the table incorporates only cash flows relating to payments on maturity and do not recognize premiums, discounts or mark-to-market adjustments.

	Due on demand ($'000)	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total contractual cash flows ($'000)
As at October 31, 2024					
Financial liabilities					
Customers' deposits	2,952	421,379	2,872	-	427,203
Other funding instruments	10,208	-	-	-	10,208
Due to associates and affiliated companies	-	4,528	-	-	4,528
Other liabilities	3,158	11,606	-	-	14,764
	16,318	437,513	2,872	-	456,703
As at October 31, 2023					
Financial liabilities					
Customers' deposits	2,013	353,836	2,724	-	358,573
Other funding instruments	8,610	1,599	-	-	10,209
Due to associates and affiliated companies	-	2,700,255	-	-	2,700,255
Other liabilities	-	3,579	520	-	4,099
	10,623	3,059,269	3,244	-	3,073,136

34.3.2 Contingent liabilities and commitments

The table below summarizes The Company's contingent liabilities and commitments based on contractual maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Guarantees, indemnities and letters of credit	-	-	-	-
Credit commitments	313,397	-	-	313,397
Capital commitments	-	-	-	-
	313,397	-	-	313,397
As at October 31, 2023				
Guarantees, indemnities and letters of credit	-	-	-	-
Credit commitments	175,000	-	-	175,000
Capital commitments	-	-	-	-
	175,000	-	-	175,000

34.4 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department.

Trading portfolios include those portfolios arising from market-making transactions where The Company acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of The Company's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from The Company's amortised and FVOCI securities.

34.4.1 Market risk measurement techniques

The major measurement technique used by The Company to measure and control market risk is stress testing.

The Company applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on The Company's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

34.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and

34 Financial risk management (continued)

34.4 Market risk (continued)

34.4.2 Interest rate risk (continued)

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions (continued)

liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from Group Risk Management (GRM). The Board approves the risk appetite for IRRBB, and the Asset Liability Committee (ALCO) and GRM provide ongoing governance through IRRBB risk policies, limits, operating standards and other controls. IRRBB reports are reviewed monthly by GRM, ALCO, and quarterly by the Board.

IRRBB measurement

To monitor and control IRRBB, The Company assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios, and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarioson projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. EVE is measured as the difference in net present value of assets minus liabilities plus the net value of off-balance sheet items. In measuring EVE risk, scenario valuation techniques are applied to detailed spot position data. NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour on non-maturity deposits and product pricing with consideration of possible forward-looking changes. All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

Market risk measures – IRRBB Sensitivities

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency ($'000)	Hard Currency ($'000)	Local Currency ($'000)	Hard Currency ($'000)
As at October 31, 2024				
Impact before tax				
100 bps increase in rates	(3,152)	(1,013)	(6,557)	5,988
100 bps decrease in rates	3,611	1,022	6,557	(5,988)
As at October 31, 2023				
Impact before tax				
100 bps increase in rates	(5,346)	(1,253)	(8,254)	5,408
100 bps decrease in rates	5,836	1,262	8,254	(5,408)

Interest sensitivity of assets and liabilities to repricing risk

The table below summarizes the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Assets					
Cash and short term instruments	402,780	-	-	65,447	468,227
Balances with central bank	-	-	-	36,561	36,561
Gross loans	536,061	44,864	74,597	16,600	672,122
Allowance for credit losses	-	-	-	(18,577)	(18,577)
Securities	-	-	-	87	87
Due from associates and affiliated companies	-	-	-	23,232	23,232
Other assets	-	-	-	4,205	4,205
Total financial assets	938,841	44,864	74,597	127,555	1,185,857
As at October 31, 2024 (continued)					
Liabilities					
Customers' deposits	415,191	2,860	-	54	418,105
Other funding instruments	4,226	-	-	4,253	8,479
Due to affiliated companies	-	-	-	4,528	4,528
Other liabilities	-	-	-	14,764	14,764
Total financial liabilities	419,417	2,860	-	23,599	445,876
Interest sensitivity gap	519,424	42,004	74,597		
As at October 31, 2023					
Assets					
Cash and short term instruments	368,645	-	-	-	368,645
Balances with central bank	-	-	-	37,324	37,324
Securities	2,633,363	-	-	90	2,633,453
Loans	466,540	140,957	78,628	-	686,125
Due from affiliated companies	-	-	-	23,928	23,928
Other assets	-	-	-	12,501	12,501
Total financial assets	3,468,548	140,957	78,628	73,843	3,761,976
Liabilities					
Customers' deposits	352,496	3,338	-	-	355,834
Other funding instruments	8,610	-	-	-	8,610
Due to affiliated companies	2,691,211	-	-	1,737	2,692,948
Other liabilities	-	-	-	4,099	4,099
Total financial liabilities	3,052,317	3,338	-	5,836	3,061,491
Interest sensitivity gap	416,231	137,619	78,628		

34.4.3 Maturity and rate sensitivity

The table below summarises the Company's loans to customers and securities categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Commercial / corporate	550,862	44,564	74,437	669,863
Mortgages	1,797	302	160	2,259
Gross loans	552,659	44,866	74,597	672,122
Securities:				
Securities at FVOCI	87	-	-	87
Securities held-to-collect at amortized cost	-	-	-	-
Gross securities	87	-	-	87
As at October 31, 2023				
Loans:				
Commercial / corporate	480,824	140,456	78,397	699,677
Mortgages	2,703	501	231	3,435
Gross loans	483,527	140,957	78,628	703,112
Securities:				
Securities at FVOCI	1,392,090	-	-	1,392,090
Securities held-to-collect at amortized cost	1,241,368	-	-	1,241,368
Gross investments	2,633,458	-	-	2,633,458

The table below summarises the Company's lending portfolio by interest rate sensitivity.

	Fixed rate ($'000)	Floating rate ($'000)	Non-rate sensitive ($'000)	Total ($'000)
As at October 31, 2024				
Loans:				
Commercial / corporate	275,495	394,368	-	669,863
Mortgages	583	1,676	-	2,259
Gross loans	276,078	396,044	-	672,122

34 Financial risk management (continued)

34.4 Market risk (continued)

34.4.3 Maturity and rate sensitivity (continued)

	Fixed rate ($'000)	Floating rate ($'000)	Non-rate sensitive ($'000)	Total ($'000)
As at October 31, 2023				
Loans:				
Commercial / corporate	288,431	411,246	-	699,677
Mortgages	857	2,578	-	3,435
Gross loans	289,288	413,824	-	703,112

34.4.4 **Other price risk**

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is affected by changing prices of equity instruments designated as fair value through other comprehensive income with fair value movements recognised in other comprehensive income attributable to the Company.

34.5 **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

34.5.1 **Concentrations of currency risk – financial instruments on and off Statement of Financial Position**

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets, US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Currency exposure resides mainly in trading activity. The tables below summarise the Company's exposure to foreign currency exchange rate risk.

	TTD ($'000)	USD ($'000)	XCD ($'000)	BBD ($'000)	EUR ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and short term instruments	65,438	385,075	9,694	370	7,650	468,227
Balances with central bank	36,561	-	-	-	-	36,561
Loans	350,165	303,380	-	-	-	653,545
Securities	87	-	-	-	-	87
Due from associates and affiliated companies	23,232	-	-	-	-	23,232
Other assets	1,886	2,319	-	-	-	4,205
Total financial assets	477,369	690,774	9,694	370	7,650	1,185,857
Liabilities						
Customer's deposits	414,551	1,538	2,016	-	-	418,105
Other funding instruments	2,915	3,530	1,996	-	38	8,479
Due to affiliated companies	3,562	966	-	-	-	4,528
Other liabilities	7,471	1,744	5,511	24	14	14,764
Total financial liabilities	428,499	7,778	9,523	24	52	445,876
Net statement of financial position	48,870	682,996	171	346	7,598	739,981
Credit commitments	165,000	148,397	-	-	-	313,397
As at October 31, 2023						
Assets						
Cash and short term instruments	26,163	324,936	9,682	369	7,495	368,645
Balances with central bank	37,324	-	-	-	-	37,324
Securities	85	2,633,368	-	-	-	2,633,453
Loans	346,406	339,719	-	-	-	686,125
Due from affiliated companies	23,928	-	-	-	-	23,928
Other assets	3,975	8,526	-	-	-	12,501
Total financial assets	437,881	3,306,549	9,682	369	7,495	3,761,976

	TTD ($'000)	USD ($'000)	XCD ($'000)	BBD ($'000)	EUR ($'000)	Total ($'000)
As at October 31, 2023 (continued)						
Liabilities						
Customer's deposits	351,710	2,111	2,013	-	-	355,834
Other funding instruments	3,054	3,525	1,993	-	38	8,610
Due to affiliated companies	60,016	2,632,932	-	-	-	2,692,948
Other liabilities	1,732	699	1,668	-	-	4,099
Total financial liabilities	416,512	2,639,267	5,674	-	38	3,061,491
Net statement of financial position	21,369	667,282	4,008	369	7,457	700,485
Credit commitments	175,000	-	-	-	-	175,000

34.5.2 **Foreign currency exchange risk**

The tables below demonstrate analysis conducted to determine the sensitivity to reasonable possible movements of select currencies against the Trinidad and Tobago dollar (TT dollar) to which the Company had significant exposure as at October 31, 2024 and October 31, 2023 in respect of its assets and liabilities holding all other variables constant.

	Change in exchange rates (%)	Effect on profit before tax ($'000)	Effect on other comprehensive income ($'000)
Year ended October 31, 2024			
Increase in exchange rates			
USD	1.00	717	(1)
XCD	1.00	(1)	-
EUR	1.00	1	-
BBD	1.00	-	-
		717	(1)
Decrease in exchange rates			
USD	1.00	(717)	1
XCD	1.00	1	-
EUR	1.00	(1)	-
BBD	1.00	-	-
		(717)	1
Year ended October 31, 2023			
Increase in exchange rates			
USD	1.00	1,667	(21)
XCD	1.00	(1)	-
EUR	1.00	4	-
BBD	1.00	-	-
		1,670	(21)
Decrease in exchange rates			
USD	1.00	(1,667)	21
XCD	1.00	1	-
EUR	1.00	(4)	-
BBD	1.00	-	-
		(1,670)	21

34.6 **Credit risk**

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit-quality review process to provide early identification of possible changes in the credit worthiness of counterparties, including regular collateral reviews. Counterparty limits for corporate and commercial counterparties are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. For the retail portfolio, the Company has stringent lending criteria, which include conservative debt service coverage, loan to value ratios and stability of earnings. These exposures are continuously monitored to identify any change in the credit worthiness of the borrower. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

34 Financial risk management (continued)

34.6 Credit risk (continued)

34.6.1 Credit risk management

a) Loans

The Company measures the credit risk of loans to corporate and commercial customers and to banks at the counterparty level using an internal risk rating-matrix. The ratings are generated by combining weighted financial and statistical criteria with credit officer judgement, which is mapped against established internal benchmarks at the time credit is granted. The Company risk rating is seven tiered as showed below and reflects the perceived counterparty risk. This means that, in principle exposures migrate between levels as assessment of their riskiness changes. The risk weightings and internal benchmarks are consistently reviewed and upgraded as necessary.

The Company's internal ratings scale and mapping of external ratings:

Company's rating	Description of the grade	Credit quality
1	Excellent	High grade
2	Very good	High grade
3	Good	Standard grade
4	Special mention	Substandard grade
5	Unacceptable	Past due or impaired
6	Bad and doubtful	Past due or impaired
7	Virtual certain loss	Past due or impaired

b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Company Risk Management Unit for managing credit risk exposures.

34.6.2 Risk limit control and mitigation policies

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances to customers are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its periodic review of loan accounts in arrears.

Derivatives

The amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Company (i.e. assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Company requires margin deposits from counterparties.

Master netting arrangements

The Company further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Credit-related commitments

The primary purpose of those instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Company on behalf of a customer authorising a third party to draw drafts on the Company up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

34.6.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Credit risk exposures relating to financial assets on the Statement of Financial Position are as follows:		
Due from banks	266,111	234,617
Treasury bills	202,116	134,028
Balances with central bank	36,561	37,324
Loans	672,122	703,112
Securities at FVOCI, excluding equities	-	1,392,000
Securities at amortised cost	-	1,241,368
Due from associates and affiliated companies	23,232	23,928
Other assets	4,205	-
	1,204,347	3,766,377
Credit risk exposures relating to financial assets not on the Statement of Financial Position are as follows:		
Credit commitments	313,397	175,000
	313,397	175,000
Total credit risk exposure	1,517,744	3,941,377

The above table represents a worst-case scenario of credit risk exposure to the Company without taking account of any collateral held or other credit enhancement attached.

34.6.4 Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down the Company's main credit exposure of their carrying amounts, as categorised by industry sectors of counterparties.

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Manufacturing	79,178	-
Financial services	471,718	724,649
Transport	25,757	195
Construction	44,266	121,142
Petroleum	129,956	163,693
Real estate	92,555	96,690
Utilities	43,828	50,950
Government	306,376	2,603,458
Other	10,713	5,600
	1,204,347	3,766,377

34.6.5 Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty and by industry sector. As at October 31, 2024, there are no credit exposures, taking account of collateral or other credit enhancements, which are in excess of the statutory limit of 25% of the capital base of the Company (2023: nil).

34.6.6 Credit quality by class of financial assets

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2024				
Treasury bills	202,116	-	-	202,116
Due from banks	266,111	-	-	266,111
Balances held with central bank	36,561	-	-	36,561
	504,788	-	-	504,788
Loans:				
Commercial/corporate	652,561	-	17,302	669,863
Mortgages	2,090	54	115	2,259
Loans (gross)	654,651	54	17,417	672,122
Securities:				
FVOCI:				
Treasury bills	-	-	-	-
Government	-	-	-	-
Amortised cost:				
Government	-	-	-	-
Corporate	-	-	-	-
Securities (gross)	-	-	-	-
Due from associates and affiliated companies	23,232	-	-	23,232
Other Assets	4,205	-	-	4,205
Total	1,186,876	54	17,417	1,204,347

34 Financial risk management (continued)

34.6 Credit risk (continued)

34.6.6 Credit quality by class of financial assets (continued)

For those exposures that are stage 2 the majority are rated between standard (good) to excellent which is high grade.

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2023				
Treasury bills	134,028	-	-	134,028
Due from banks	234,617	-	-	234,617
	368,645	-	-	368,645
Balances held with central bank	37,324	-	-	37,324
Securities:				
Amortised cost:				
Government and state-owned enterprises debt	959,266	-	-	959,266
Corporate debt securities	282,102	-	-	282,102
FVOCI:				
Treasury bills and treasury notes	1,392,000	-	-	1,392,000
Government and state-owned enterprises debt	-	-	-	-
Securities – gross	2,633,368	-	-	2,633,368
Loans:				
Commercial/corporate	681,514	-	18,163	699,677
Mortgages	3,091	317	27	3,435
Loans – gross	684,605	317	18,190	703,112
Due from affiliated companies	23,928	-	-	23,928
Total	3,747,870	317	18,190	3,766,377

For those exposures that are stage 2, the majority are rated between standard (good) to excellent, which is high grade.

34.6.7 Credit risk exposure on due from other banks, treasury bills, debt securities and other bills based on The Group's internal corporate rating system

The table below presents an analysis of debt securities, treasury bills and other eligible bills by internal and equivalent rating agency designation.

	Standard & Poor's equivalent grades	2024 ($'000)	2023 ($'000)
Excellent			
AA	BB+	504,788	2,757,233
Very good			
A+	BB	339,225	311,112
Good			
A-	B+	343,670	397,604
B+	B	-	-
Special mention			
B	B-	64	9
Bad and doubtful			
D	CC+	16,600	18,293
Virtual certain loss			
E	CC-	-	22
Not rated	NR	-	282,104
		1,204,347	3,766,377

34.6.8 Repossessed collateral

Repossessed collateral is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Collateral is repossessed when the Company enforces its rights of the sale agreements over the collateral as a result of the counter-parties failure to honour their obligations to the Company. The Company's sales agreements enables the Company to commence Power of Sale proceedings where sale of the collateral is attempted first by public auction, and if unsuccessful, then through private treaty as a second option. At the beginning of the Power of Sale proceedings the Company obtains an appraisal of the collateral to certify the updated market value.

The following table represents the nature and value of repossessed collateral for overdue debts written off, as at the date of the Financial Statements:

	2024 ($'000)	2023 ($'000)
Buildings	-	-
	-	-

34.7 Capital management

Capital management is a proactive process that ensures that the Company has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

Capital adequacy is viewed in terms of both regulatory requirements: Tier 1 ratio, total capital ratio and single name credit exposure limits based on anticipated business growth and earnings forecast and internal assessment of risk using a stress-testing model. Company Treasury prepares the annual capital plan incorporating the financial goals including the capital ratio targets in alignment with the operating business plan. The Company is committed to maintaining a sound and prudent capital structure that:

- Exceeds, with an appropriate cushion, the minimum capital requirements for the level and quality of capital set by the regulator;
- Safeguards the Company's ability to continue as a going concern by maintaining capital levels that are sufficient to support all material risks and also to support potential unexpected increases in risk;
- Promotes an integrated and streamlined approach to managing regulatory capital that is both reflective of the Company's risk appetite and risk management practices and strongly supportive of growth strategies and performance management; and
- Reflects alignment with the Company's risk management frameworks and policies.

Capital adequacy and the use of regulatory capital are monitored by the Company's management, based on an internal risk assessment approach employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the various territories in which the Company operates.

The Company is governed by the risk based capital targets set by the Central Bank of Trinidad and Tobago, and are required to calculate capital ratios and capital-to-risk adjusted assets multiples using the framework adopted by the Central Bank of Trinidad and Tobago.

The table below summarises the composition of regulatory capital and the ratios of the Company for the years ended October 31, 2024 and October 31, 2023. During those two periods, the Company complied with all of the externally imposed capital requirements to which they are subject.

The Company is required to maintain regulatory capital at a minimum of 12.5% (2023: 10%). The Company's regulatory capital ratio is 54.38% (2023:47.00%)

	2024 ($'000)	2023 ($'000)
Tier 1 capital		
Share capital	140,000	140,000
Statutory reserve	140,000	140,000
Capital reserves – Excluding asset revaluation reserves	(1,651)	(1,629)
Retained earnings.	637,039	521,601
Less: Other Intangible Assets	(543)	(936)
Total qualifying Tier 1 capital	914,845	799,036
Tier 2 capital		
Retained earnings-Unaudited undivided profits	36,736	115,438
Allowance for credit losses	6,028	5,261
Total qualifying Tier 2 capital	42,764	120,699
Total regulatory capital	957,609	919,735
Risk-weighted assets:		
On-balance sheet	1,760,993	1,957,002
Total risk-weighted assets	1,760,993	1,957,002
Total regulatory capital to risk-weighted assets	54.38%	47.00%

Throughout the current year, the Company, a licensed banking entity submitted regulatory returns inclusive of calculations that complied with regulatory capital adequacy requirements applicable to Trinidad & Tobago.

35 Fair value of financial assets and liabilities

Disclosures of fair value for financial instruments that are carried at amortised cost

The following fair value hierarchy table presents fair values of financial assets and liabilities that are carried at amortised cost, and therefore excludes financial instruments that are measured and disclosed at fair value on a recurring basis.

35 Fair value of financial assets and liabilities (continued)

Financial assets and liabilities for which fair value are disclosed

	Fair value always approximates carrying value ($'000)	Fair value may not approximate carrying value ($'000)	Total fair value ($'000)	Fair value hierarchy Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2024							
Securities	-	-	-	-	-	-	-
Loans	-	657,764	657,764	-	-	657,764	657,764
Other assets	4,205	-	4,205	-	-	-	-
Customers' deposits	30,516	386,603	417,119	-	-	386,603	386,603
Other funding instruments	8,479	-	8,479	-	-	-	-
Other liabilities	14,764	-	14,764	-	-	-	-
As at October 31, 2023							
Securities	-	1,238,663	1,238,663	-	1,238,663	-	1,238,663
Loans	-	674,146	674,146	-	-	674,146	674,146
Other assets	12,501	-	12,501	-	-	-	-
Customers' deposits	102,013	253,872	355,885	-	-	253,872	253,872
Other funding instruments	8,610	-	8,610	-	-	-	-
Other liabilities	4,099	-	4,099	-	-	-	-

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) loans and deposits with original maturity of less than three months or payable on demand; and (ii) certain receivables and payables in other assets and other liabilities.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Loans to customers are similarly valued taking in to account credit portfolio experience. The valuation model is reviewed on an annual basis and updated as necessary to reflect portfolio experience.

Disclosures of fair value for financial instruments that are measured and disclosed at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
As at October 31, 2024				
Securities at FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	-	-	-
Government and state-owned enterprises debt securities	-	-	-	-
	-	-	-	-
Securities FVOCI designated				
Equity securities	87	-	-	87
	87	-	-	87
	87	-	-	87
As at October 31, 2023				
Securities at FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	1,392,000	-	1,392,000
Government and state-owned enterprises debt securities	-	-	-	-
	-	1,392,000	-	1,392,000
Securities FVOCI designated				
Equity securities	90	-	-	90
	90	-	-	90
	90	1,392,000	-	1,392,090

There were no significant transfers between Level 1 and 2 in the respective periods.

RBC Trust
Trinidad and Tobago

Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

Chairman's Report

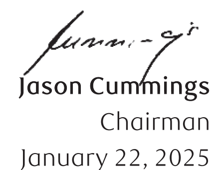
For the financial year ended 31 October 2024, RBC Trust (Trinidad & Tobago) Limited ("the Company") recorded net income after taxation of $9.2 million, representing a decline of $0.4 million compared to the prior year's net income of $9.6 million.

The decline was mostly driven by higher non-interest expenses which increased by $3.1 million year-over-year, mainly due to higher operating expenses including staff costs. This was partially offset by higher non-interest income, which increased by $2.0 million from higher fee income.

Assets under administration totalled $41 billion, increasing by $1 billion compared to the previous year. The Company is well capitalised with a capital base of $44.3 million and a capital ratio of 74.99%, which is well above required regulatory thresholds.

We have maintained our focus on innovation and remain committed to providing simplified, accessible and relevant financial solutions to help our clients realise their financial and life goals. Their success brings our RBC purpose to life: to help our clients thrive and our communities prosper.

On behalf of the Board of Directors and the executives of RBC Trust (Trinidad & Tobago) Limited, I would like to thank our loyal clientele for their continued confidence in the Company as we continuously aim to improve our service and efficiency, leveraging digital methods. I would also like to thank management and employees who continue to be the driving force behind our achievements. Their continued commitment to our clients and one another, and to bringing our RBC values to life every day, enable us to excel and position us for sustainable long-term growth and success.



Jason Cummings
Chairman
January 22, 2025

Statement of Management's Responsibilities

The Financial Institutions Act, 2008(The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of RBC Trust (Trinidad & Tobago) Limited (the 'Company') which comprise the statement of financial position as at October 31, 2024 and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilized the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Director,
Trust Services
RBC Trust (Trinidad & Tobago) Limited
January 22, 2025

Director, Finance –
Trinidad and Tobago
RBC Trust (Trinidad & Tobago) Limited
January 22, 2025

Independent Auditor's Report

To the shareholder of RBC Trust (Trinidad & Tobago) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RBC Trust (Trinidad and Tobago) Limited (the Company) as at 31 October 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2024;
- the statement of income and other 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 International Standards on Auditing (ISAs). 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Directors are responsible for the other information. The other information comprises the Chairman's report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.

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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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
Port of Spain
Trinidad, West Indies
23 January 2025

RBC Trust
Trinidad and Tobago

RBC Trust (Trinidad & Tobago) Limited

Financial Statements 2024

October 31, 2024 (expressed in Trinidad & Tobago dollars)

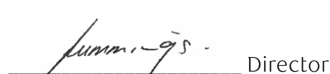
Statement of Financial Position

	Notes	As at October 31 2024 ($'000)	2023 ($'000)
Assets			
Cash and cash equivalents	3	41,045	33,896
Securities	4	87	90
Equipment	5	72	70
Intangible assets	6	72	193
Corporation tax recoverable		-	6,610
Deferred tax assets	7	900	844
Other assets	8	9,657	9,914
Total assets		51,833	51,617
Liabilities			
Post-retirement benefit obligations	9	2,616	2,585
Due to affiliate	21	1,056	456
Deferred tax liabilities	7	26	27
Current income tax liabilities		983	1,666
Other liabilities	10	2,778	1,708
Total liabilities		7,459	6,442
Stated capital	11	15,000	15,000
Statutory reserve	12	15,000	15,000
Other reserves		36	38
Retained earnings		14,338	15,137
Total shareholder's equity		44,374	45,175
Total equity and liabilities		51,833	51,617

The attached notes form an integral part of these financial statements.

On January 22, 2025, the Board of Directors of RBC Trust (Trinidad & Tobago) Limited authorized these financial statements for issue.

_____________________ Director


_____________________ Director

Statement of Income and other Comprehensive Income

	Notes	Year ended October 31, 2024 ($'000)	2023 ($'000)
Interest income	13	1	1
Non-Interest income	14	34,607	32,584
Total income		34,608	32,585
Impairment provision, net of recoveries		(345)	(194)
Non-interest expenses	15	(21,724)	(18,622)
Total non-interest expenses		(22,069)	(18,816)
Net income before taxation		12,539	13,769
Taxation expense	17	(3,345)	(4,156)
Net income after taxation		9,194	9,613
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of post-retirement benefit obligations		9	157
Net fair value gains on securities		(2)	(3)
Tax impact		(2)	(46)
Other comprehensive income for the year, net of tax		5	108
Total comprehensive income for the year		9,199	9,721

The attached notes form an integral part of these financial statements.

Statement of Changes in Equity

	Note	Stated capital ($'000)	Statutory reserves ($'000)	Other reserves ($'000)	Retained earnings ($'000)	Total ($'000)
Year ended October 31, 2024						
Balance at beginning of year		15,000	15,000	38	15,137	45,175
Net income after taxation		-	-	-	9,194	9,194
Other comprehensive income		-	-	(2)	7	5
Total comprehensive income		-	-	(2)	9,201	9,199
Dividends		-	-	-	(10,000)	(10,000)
Balance at end of year		15,000	15,000	36	14,338	44,374
Year ended October 31, 2023						
Balance at beginning of year		15,000	15,000	41	20,413	50,454
Profit after taxation		-	-	-	9,613	9,613
Other comprehensive income		-	-	(3)	111	108
Total comprehensive income		-	-	(3)	9,724	9,721
Dividends		-	-	-	(15,000)	(15,000)
Balance at end of year		15,000	15,000	38	15,137	45,175

The attached notes form an integral part of these financial statements.

Statement of Cash Flows

	Year ended October 31 2024 ($'000)	2023 ($'000)
Cash flows from operating activities		
Net income before taxation	12,539	13,769
Adjustments for:		
Post-retirement benefit obligation	40	99
Provisions for credit losses	345	194
Depreciation and amortization	169	190
	13,093	14,252
(Increase)/Decrease in operating assets	(87)	1,442
Increase/(Decrease) in due to affiliates	600	(223)
Increase/(Decrease) in other liabilities	1,117	(2,662)
Corporation tax paid - net of refunds	2,476	(5,832)
Net cash generated from operating activities	17,199	6,977
Cash flows from investing activities		
Additions to equipment and intangible assets	(50)	(7)
Net cash used in investing activities	(50)	(7)
Cash flows from financing activities		
Dividends Paid	(10,000)	(15,000)
Net cash used in financing activities	(10,000)	(15,000)
Net increase/(decrease) in cash and cash equivalents	7,149	(8,030)
Cash and cash equivalents at beginning of year	33,896	41,926
Cash and cash equivalents at end of year	41,045	33,896

The attached notes form an integral part of these financial statements.

1 Incorporation and business activities of the Company

RBC Trust (Trinidad and Tobago) Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on July 17, 1959 and is a wholly owned subsidiary of RBC Financial (Caribbean) Limited which is incorporated in Trinidad and Tobago. Its ultimate parent is Royal Bank of Canada, which is incorporated in Canada. The Company is a licensed financial institution under the Financial Institutions Act, 2008 of Trinidad and Tobago and authorized thereunder to conduct "business of a financial nature" falling within the class of "Trust Company". The Company provides a full range of services pertaining to administration, trusteeship, executorship, and support services associated therewith, to corporate and individual clients. Its registered office is 7 – 9 St. Clair Avenue, St. Clair Place, Port of Spain, Trinidad and Tobago.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these Financial Statements are summarized below. These accounting policies conform, in all material respects, to IFRS Accounting Standards. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

<u>Basis of preparation</u>

Statement of compliance

The Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- post-retirement benefit obligation measured at fair value.

Basis of measurement

The Financial Statements are prepared in Trinidad and Tobago dollars.

Use of estimates and assumptions

In preparing our Financial Statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation uncertainty include: determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities, pensions and other post-employment benefits, income taxes, other intangible assets, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgements

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

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

- Intangible assets — Note 2, Note 6
- Revenue Recognition — Note 2, Note 14
- Employee benefits — Note 2, Note 9
- Share-based compensation — Note 2, Note 16
- Income taxes — Note 2, Note 7

<u>Changes in accounting policies</u>

The amendment listed below is most likely to have no impact on the Company's performance, financial position or disclosures.

IFRS 17 Insurance Contracts (IFRS 17)

In May 2017, the IASB issued IFRS 17 to establish a comprehensive insurance standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held and will replace the existing IFRS 4 Insurance Contracts (IFRS 4). In June 2020, the IASB issued amendments to IFRS 17, including deferral of the effective date by two years. This new standard is effective for us on November 1, 2023 and is to be applied retrospectively with comparatives restated beginning November 1, 2022.

Under IFRS 17, insurance contracts are contracts under which we accept significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Embedded derivatives, investment components and promises to provide non-insurance services, provided specific criteria are met, are separated from the measurement of insurance and reinsurance contracts. Insurance and reinsurance contracts are aggregated into portfolios that are subject to similar risks and are managed together, and then divided into groups based on the period of issuance and expected profitability. However, based on RBC Trust (Trinidad & Tobago) Limited's assessment, a nil impact to the books is anticipated at this time.

<u>Future changes in accounting policy and disclosure</u>

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 classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for us on November 1, 2026. We are currently assessing 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, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for us on November 1, 2027. We are currently assessing the impact of adopting this standard on our Financial Statements.

Amendments to Disclosure of Accounting Policies

The IASB issued Disclosure of Accounting Policies which amended IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the Amendment). The Amendment amended IAS 1 to replace the requirement for entities to disclose their material accounting policies with the requirement to disclose their material accounting policy information. The Amendment is effective for us on November 1, 2023. The adoption of this Amendment did not have a material impact on our Financial Statements

<u>Other material accounting policies</u>

The following accounting policies are applicable to all periods presented:

Classification of financial assets

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

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

Business model assessment

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

- How the economic activities of the businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 22, and the activities taken to manage those risks;
- Historical and future expectations of sales of securities managed as part of a business model; and
- The compensation structures for managers of the businesses within the Company, to the extent that these are directly linked to the economic performance of the business model.

Securities are held for non-trading purposes and the Company has elected to measure these securities as Fair Value through Other Comprehensive Income (FVOCI). The Company's business model for receivables is Hold to Collect (HTC), receivables are held to collect contractually due 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 for basic lending arrangements. Principal amounts include the fair value of the financial asset at initial recognition from lending and financing arrangements, and interest primarily relates to basic lending return, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Classification of financial assets (continued)

Securities

Investment securities include all securities classified as FVOCI. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

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

Investment securities include all securities classified as FVOCI and amortized cost.

The Company accounts for all securities using settlement date, and changes in fair value between trade date and settlement date are recorded in OCI.

Determination of fair value

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

We have established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or Company Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors. We give priority to those third-party pricing services and prices having the highest and most consistent accuracy. The level of accuracy is determined over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. We have a systematic and consistent approach to control model use. Valuation models are approved for use within our model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and sets parameters for its use. All models are revalidated regularly.

Valuation adjustments are recorded for the credit risk of our derivative portfolios in order to arrive at their fair values. Credit valuation adjustments (CVA) take into account our counterparties' creditworthiness, the current and potential future mark-to-market of the transactions, and the effects of credit mitigants such as master netting and collateral agreements. CVA amounts are derived from estimates of exposure at default, probability of default, recovery rates on a counterparty basis, and market and credit factor correlations. Exposure at default is the amounts of expected derivative related assets and liabilities at the time of default, estimated through modeling using underlying risk factors. Probability of default and recovery rate are generally implied from the market prices for credit protection and credit ratings of the counterparty or derived from internal estimates when market data is unavailable.

Correlation is the statistical measure of how credit and market factors may move in relation to one another. Correlation is estimated using historical data and market data where available. CVA is calculated and changes are recorded in non-interest income.

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 we have 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 are one or more inputs that are unobservable and significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value. Where observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgement is required in the determination of the model used, the selection of model inputs, and in some cases, the application of valuation adjustments to the model value or quoted price for inactively traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market-risk valuation adjustments for such inputs and other model-risk valuation adjustments are assessed in all such instances.

Revenue recognition

Revenue is recognized when a service is provided to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognized the revenue as each performance obligation is satisfied.

The Company adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar.

The Company reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of The Group's contracts that are identical or have similar contractual terms (for example standardized banking agreements with retail customers), the expedient is applied to many of The Group's current revenue streams.

In addition, the Company does not adjust for the effects of a significant financing component for contracts with a 12 month or less expected time difference between when we provide the service to the customer and the receipt of the contract consideration.

The Company expenses incremental costs to obtain a contract if the expected amortization period of the asset the Company would have recognized is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortization, is 12 months or less.

Income which falls under the scope of revenue recognition is not netted off against related expense.

The Company does not incur material costs to obtain contracts with customers such as sales commissions

Commissions and fees

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

Trust related fees, which includes 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 and are received monthly, quarterly, semi-annually or annually, depending on the terms of the contract. Investment management and custodial fees are generally derived from assets under management (AUM) when our 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. Mutual fund revenue is derived as a percentage of the daily net asset value (NAV) of the mutual funds under management with each mutual fund having a management fee rate based on an approved fee structure. 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.

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

Accounts receivable

For accounts receivable, the Company applies the simplified approach for calculating expected credit losses permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognized from the initial recognition of receivables.

To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on payment terms and corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the customer's ability to settle the receivables. Macroeconomic variables used include, but are not limited to, unemployment rate, gross domestic product (GDP) and inflation rate.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Interest

Interest is recognized in Interest income in the Statement of Income and Other Comprehensive Income for all interest-bearing financial instruments using the effective interest method. 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 net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalized on initial recognition. For financial assets and financial liabilities measured at amortized cost, capitalized transaction costs are amortized through Non interest income over the estimated life of the instrument using the effective interest method.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Statement of Financial Position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition.

Other liabilities

Other liabilities are initially measured at fair value and are subsequently measured at amortized.

Derecognition of financial assets

Financial assets are derecognized from our Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred. When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized from our Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognize the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

Management's judgement is applied in determining whether the contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive cash flows on the assets but assume an obligation to pay for those cash flows. We derecognize transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets.

In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognized in Other assets in our Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognized in Other liabilities in our Statement of Financial Position.

Derecognition of other liabilities

We derecognize a financial liability from our Statement of Financial Position when our obligation specified in the contract expires, or is discharged or cancelled. We recognize the difference between the carrying amount of a financial liability transferred and the consideration paid in our Statement of Income and Other Comprehensive Income.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency).

The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency transactions (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in Non-interest income in the Statement of Income and Other Comprehensive Income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Equipment

Equipment includes computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the initial estimate of any disposal costs. Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are 3 to 10 years for computer equipment, and 5 to 15 years for furniture, fixtures and other equipment. Gains and losses on disposal are recorded in non–interest income.

Equipment are assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs and test for impairment at the CGU level. An impairment charge is recorded to the extent the recoverable amount of an asset (or CGU), which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset (or CGU). Fair value less costs of disposal is the amount obtainable from the sale of the asset (or CGU) in an orderly transaction between market participants, less costs of disposal.

After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount.

Intangible assets

Intangible assets represent identifiable non-monetary assets and are acquired either separately. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with a finite-life are amortized on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years. There are no intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognized previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognized. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortization) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment.

Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives. Discount rates are based on the group-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognized in Non-interest expense.

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to obtain substantially all of the economic benefits from, and direct the use of, an identified asset for a period of time in return for consideration. When we are the lessee in a lease arrangement, we initially record a right-of-use asset and corresponding lease liability, except for short-term leases

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Leases (continued)

and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are unspecialized, common, technologically unsophisticated, widely available, and widely used non-infrastructure assets. For short-term leases and leases of low-value assets, we record the lease payments as an operating expense on a straight-line basis over the lease term.

Where we are reasonably certain to exercise extension and termination options, they are included in the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at our incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method, recorded in interest expense.

The right-of-use asset is initially measured based on the initial amount of the lease liability, adjusted for lease payments made on or before the commencement date, initial direct costs incurred, and an estimate of costs to dismantle, remove, or restore the asset, less any lease incentives received. Costs related to dismantling are capitalized as part of the leasehold improvement asset (rather than the right-of-use-asset of the lease) when the leasehold improvements are separately capitalized.

The right-of-use asset is depreciated to the earlier of the lease term and the useful life, unless ownership will transfer to the Company or we are reasonably certain to exercise a purchase option, in which case the useful life of the right-of-use asset is used. The Company applies IAS 36 Impairment of assets to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in the premises and equipment accounting policies.

The Company does not apply this accounting treatment to leases of intangible assets.

Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when we have 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 judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. We record provisions related to litigation, asset retirement obligations, and the allowance for off-balance sheet and other items. Provisions are recorded under Other liabilities on our Statement of Financial Position.

We are required to estimate the results of ongoing legal proceedings, 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 us to use a significant amount of judgement in projecting the timing and amount of future cash flows. We record our provisions on the basis of all available information at the end of the reporting period and make adjustments on a quarterly basis to reflect current expectations. Should actual results differ from our expectations, we may incur expenses in excess of the provisions recognized.

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.

Employee benefits – Pensions and other post-employment benefits

Our defined benefit pension expense, which is included in Non-interest expense, consists of the cost of employee pension benefits for the current years' service, net interest on the net defined benefit liability (asset), past service cost and gains or losses on settlement. Re-measurements of the net defined benefit liability, 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 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. 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 the defined benefit plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement 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 our pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality government 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 in the respective countries of our plans, may differ from actual experience as country specific 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 re-measurements that we recognize.

Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in Non-interest expense.

Share-based compensation

The Company offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, the Company's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as non-interest expense in the Statements of Income with a corresponding change in other liabilities. Compensation expense is recognized in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy

Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Statement of Income.

Income taxes

Income tax comprises current tax and deferred tax and is recognized in our Statement of Income and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax payable on profits is recognized as an expense based on the applicable tax laws in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes.

A deferred income tax asset or liability is determined for each temporary difference. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date. Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied. The Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carry-forwards are included on the Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realized; this review involves evaluating both positive and negative evidence.

The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Statement of Financial Position, and deferred tax expense in our Statement of Income and Other Comprehensive Income.

The Company complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions, contingent liabilities and contingent assets for uncertain tax positions. The Company is subject to income tax laws in various jurisdictions where The Company operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of The Company's tax positions, which includes The Company's best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The Company performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of The Company's tax positions by the relevant taxation authorities.

The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. The amendments introduce, with immediate effect, a temporary recognition exception in relation to accounting and disclosure for deferred taxes arising from the implementation of the international tax reform. This is not applicable to The Company.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Stated capital

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

Comparative information

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

3 Cash and cash equivalents

	2024 ($'000)	2023 ($'000)
Cash at bank	41,045	33,896

Cash and cash equivalents represent deposits held on demand with affiliated company.

4 Securities

Carrying value of securities

The following table presents the contractual maturities of the carrying values of financial instruments held at the end of the period.

	Term to maturity [1]						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
As at October 31, 2024							
Fair value through other comprehensive income							
Equities [1]							
Cost	-	-	-	-	-	25	25
Fair value	-	-	-	-	-	87	87
	-	-	-	-	-	87	87
Total carrying value of securities	-	-	-	-	-	87	87
As at October 31, 2023							
Fair value through other comprehensive income							
Equities [1]							
Cost	-	-	-	-	-	25	25
Fair value	-	-	-	-	-	90	90
	-	-	-	-	-	90	90
Total carrying value of securities	-	-	-	-	-	90	90

[1] We hold equity securities designated as FVOCI as the investments are not held-for-trading purposes.

4.1 Unrealized gains and losses on securities at fair value through other comprehensive income

The following tables present unrealized gains and losses on securities at fair value through other comprehensive income as at the end of the period.

	Cost/ Amortized cost ($'000)	Gross unrealized gains [1] ($'000)	Gross unrealized losses [1] ($'000)	Fair value ($'000)
As at October 31, 2024				
FVOCI				
Equities [1]	25	62	-	87
	25	62	-	87
As at October 31, 2023				
FVOCI				
Equities [1]	25	65	-	90
	25	65	-	90

[1] Gross unrealized gains and losses include allowance for credit losses, excluding equities designated as FVOCI.

[2] Unrealized gains and losses on equities will not reclassify to profit and loss when realized.

4.2 Movement in securities

	2024 ($'000)	2023 ($'000)
FVOCI		
Money market instruments	87	90
	87	90
The movement in investment securities may be summarized as follows:		
Balance at beginning of year	90	95
Fair value loss arising during the year	(3)	(5)
Balance at end of year	87	90

5 Equipment

	Equipment ($'000)	Computer Equipment ($'000)	Work in Progress ($'000)	Total ($'000)
Year ended October 31, 2024				
Opening net book value	1	69	-	70
Transfers	-	6	(6)	-
Additions	-	-	50	50
Depreciation charge	-	(48)	-	(48)
Closing net book value	1	27	44	72
At October 31, 2024				
Cost	12	277	44	333
Accumulated depreciation	(11)	(250)	-	(261)
Net book value	1	27	44	72
Year ended October 31, 2023				
Opening net book value	7	125	-	132
Transfers	-	7	(7)	-
Additions	-	-	7	7
Depreciation charge	(6)	(63)	-	(69)
Closing net book value	1	69	-	70
At October 31, 2023				
Cost	12	342	-	354
Accumulated depreciation	(11)	(273)	-	(284)
Net book value	1	69	-	70

6 Intangible assets

	Computer software ($'000)	Total ($'000)
Year ended October 31, 2024		
Opening net book value	193	193
Amortization charge	(121)	(121)
Closing net book value	72	72
At October 31, 2024		
Cost	1,208	1,208
Accumulated amortization	(1,136)	(1,136)
Net book value	72	72
Year ended October 31, 2023		
Opening net book value	314	314
Amortization charge	(121)	(121)
Closing net book value	193	193
At October 31, 2023		
Cost	1,208	1,208
Accumulated amortization	(1,015)	(1,015)
Net book value	193	193

7 Deferred tax assets and liabilities

The following amounts are shown in the Statement of Financial Position:

	2024 ($'000)	2023 ($'000)
Deferred tax assets	900	844
Deferred tax liability	(26)	(27)
	874	817
The movement on the deferred tax accounts are as follows:		
At beginning of year	817	796
Credit to Statement of Income (Note 17)	59	67
Charge to Statement of Other Comprehensive Income	(2)	(46)
At end of year	874	817
Deferred tax assets and liabilities are attributable to the following:		
Deferred tax assets		
Accelerated tax depreciation	72	49
Post-retirement benefits	694	682
Other	134	113
	900	844
Deferred tax liabilities		
Other	(26)	(27)
	(26)	(27)

8 Other assets

	2024 ($'000)	2023 ($'000)
Accounts receivable (Note 8.1)	8,807	9,102
Other tax recoverable	38	38
Prepayments	810	766
Other	2	8
	9,657	9,914
Current	8,872	9,102
Non-current	785	812
	9,657	9,914

8.1 **Accounts receivable**

	2024 ($'000)	2023 ($'000)
Accounts receivable	9,592	9,914
Provision for impairment (Note 8.2)	(785)	(812)
Net accounts receivable	8,807	9,102

8.2 **Movement in provision for impairment losses**

	2024 ($'000)	2023 ($'000)
At beginning of year	(812)	(1,614)
Reversals	999	3,892
Amounts written off	372	996
Net increase in provision	(1,344)	(4,086)
At end of year	(785)	(812)

9 Post-retirement benefit obligations

Plan characteristics

The Company, through its parent RBC Financial (Caribbean) Limited, sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by a local pension committee. The pension and other post-employment plans are managed on a Group basis.

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The main defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. The defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of an employee's annual earnings. The other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by the Company and valuations of the plans are performed at each fiscal year by independent actuaries.

The liability in the Statement of Financial Position is allocated to all legal entities participating in the plans based on their participating membership headcount.

Risks

By their design, the defined benefit pension 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 costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

9.1 **The amounts recognized in the Statement of Financial Position are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Fair value of plan assets	-	-	-
Post-retirement benefit obligation	2,616	-	2,616
Liability in the statement of financial position	2,616	-	2,616
October 31, 2023			
Fair value of plan assets	-	-	-
Post-retirement benefit obligation	2,585	-	2,585
Liability in the statement of financial position	2,585	-	2,585

9.2 **The movements in the post-retirement benefit obligation over the year are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
At beginning of year	2,585	-	2,585
Current service cost	12	-	12
Interest cost	157	-	157
Benefits paid	(47)	-	(47)
Effects of experience adjustments	(27)	-	(27)
Effects of changes in demographic assumptions	50	-	50
Effects of changes in financial assumptions	(32)	-	(32)
Other	(82)	-	(82)
At end of year	2,616	-	2,616
October 31, 2023			
At beginning of year	2,643	-	2,643
Current service cost	13	-	13
Interest cost	154	-	154
Benefit paid	(49)	-	(49)
Effect of experience adjustments	(157)	-	(157)
Other	(19)	-	(19)
At end of year	2,585	-	2,585

9.3 **The amounts recognized in the Statement of Income and Other Comprehensive Income are as follows:**

	Other post-employment plans ($'000)	Pension ($'000)	Total ($'000)
October 31, 2024			
Current service cost	12	-	12
Past service cost	-	-	-
Net interest cost	157	-	157
Benefit paid	(47)	-	(47)
Other	(82)	-	(82)
Components of defined benefit costs recognized in profit or loss (Note 15.1)	40	-	40
October 31, 2024			
Re-measurement on the net liability:			
Effect of experience in demographic assumptions	50	-	50
Effect of changes in financial assumptions	(32)	-	(32)
Effect of experience adjustments	(27)	-	(27)
Components of defined benefit costs recognized in other comprehensive income	(9)	-	(9)
Total	31	-	31
October 31, 2023			
Current service cost	13	-	13
Past service cost	-	-	-
Net interest cost	154	-	154
Benefit Paid	(49)	-	(49)
Other	(19)	-	(19)
Components of defined benefit costs recognized in profit or loss	99	-	99
October 31, 2023			
Re-measurement on the net liability:			
Effect of experience adjustments	(157)	-	(157)
Components of defined benefit costs recognized in other comprehensive income	-	-	-
Total	(58)	-	(58)

9 Post-retirement benefit obligations (continued)

9.4 Significant assumptions

Our methodologies to determine significant assumptions used in calculating the other post-employment expense are as follows:

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	October 31, 2024	October 31, 2023
Discount rates – medical and life	6.30%	6.20%
Health care cost increases		
- Immediate trend	5.00%	5.00%
- Ultimate trend	5.00%	5.00%

9.5 Sensitivity analysis

Assumptions plans adopted can have a significant effect on the obligations and expense for post-employment benefit. The following table presents the sensitivity analysis of key assumptions holding all other factors constant:

	Increase/(decrease)	
	2024 ($'000)	2023 ($'000)
Other post-employment plans:		
Impact of 1.0% decrease in discount rate	366	374
Impact of 1.0% increase in discount rate	(299)	(305)
Impact of 0.5% decrease in rate of increase in future compensation	-	-
Impact of 0.5% increase in rate of increase in future compensation	-	-
Impact of 1.0% decrease in health care cost trend rate	(117)	(113)
Impact of 1.0% increase in health care cost trend rate	140	134
Impact of 1year decrease in life expectancy	-	-
Impact of 1year increase in life expectancy	2	-

10 Other liabilities

	2024 ($'000)	2023 ($'000)
Accounts payable and accruals	1,854	999
Employee related costs	924	709
	2,778	1,708
Current	2,778	1,708

11 Stated capital

	2024 ($'000)	2023 ($'000)
The total authorized number of ordinary shares at year end was unlimited with no-par value		
Issued and fully paid:		
15,000,000 ordinary shares of no-par value	15,000	15,000

12 Statutory reserve

The Financial Institutions Act, 2008 requires financial institutions in Trinidad and Tobago to transfer annually a minimum of 10% of its profit after taxation to a reserve fund until the balance on this reserve is not less than the paid-up capital of the institution.

13 Interest income

	2024 ($'000)	2023 ($'000)
Securities	1	1
	1	1

14 Non-interest income

The Company derives revenue over time and at a point in time within the following categories.

	2024 ($'000)	2023 ($'000)
Non-interest income over time:		
Trust and investment management related fees	34,262	32,564
Non-interest income at a point in time:		
Sundry income	345	20
	34,607	32,584

Fee income presented above is recognised over time as the relevant services are provided during the period.

15 Non-interest expenses

	2024 ($'000)	2023 ($'000)
Staff costs (note 15.1)	6,215	6,017
Equipment and intangible assets expenses, excluding depreciation and amortization	2,695	2,593
Advertising and public relations	173	65
Amortization and depreciation	169	190
Directors' fees	280	107
Auditor's fees (Note 15.2)	430	428
Management fees	8,733	8,911
Business and capital tax	1,105	1,143
Green fund levy	100	98
Sundry losses	990	(1,511)
Other operating expenses	834	581
	21,724	18,622

15.1 Staff costs

	2024 ($'000)	2023 ($'000)
Staff costs include:		
Wages and salaries including bonuses	5,771	5,533
Employees' other post-retirement benefit costs (Note 9.3)	40	99
Employees' defined contribution pension expense	324	321
Share option plan-value of services provided	80	64
	6,215	6,017

15.2 Audit fees

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2024 ($'000)	2023 ($'000)
Audit of the financial statements for the year ended October 31	336	354
Other services provided to RBC Trust (Trinidad & Tobago) Ltd for the year ended October 31	94	74
Other services provided to any other controlled entities during the year ended October 31	-	-
	430	428

16 Share-based compensation

The Company offers share-based compensation plans (the "Plans"), which consists of shares issued by the Company's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Company offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from the Company's annual incentive program, all of which vest at the end of five years.

The Company offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

16 Share-based compensation (continued)

The following table presents the units granted under share-based compensation plans for the year:-

16.1 **Units granted under share-based compensation plans**

	Units granted	Weighted average fair value per unit ($)
2024		
Performance deferred share unit plans	-	637
RBC share unit plans	-	597
	-	
2023		
Performance deferred share unit plans	114	642
RBC share unit plans	109	601
	223	

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses recognized for the year.

16.2 **Obligations under share-based compensation plans**

	Units	Carrying Amount ($'000)
2024		
Performance deferred share unit plans	68	56
RBC share unit plans	107	88
	175	144
2023		
Performance deferred share unit plans	33	18
RBC share unit plans	86	46
	119	64

16.3 **Compensation expenses recognized under share-based compensation plans**

	2024 ($'000)	2023 ($'000)
Performance deferred share unit plans	39	18
RBC share unit plans	41	46
	80	64

17 Taxation expense

	2024 ($'000)	2023 ($'000)
Current tax charge	3,404	4,223
Deferred tax credit (Note 7)	(59)	(67)
	3,345	4,156

The tax on profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2024 ($'000)	2023 ($'000)
Net income before taxation	12,539	13,769
Prima facie tax at the rate of 30% (2023: 30%)	3,762	4,131
Non allowable expenses	29	28
Prior years	(446)	-
Other	-	(3)
	3,345	4,156

18 Dividends

During the year dividends were declared and paid to the shareholders was $10MM (2023: $15MM).

Dividends are accounted for as an appropriation of retained earnings.

19 Contingent liabilities and commitments

Legal proceedings

As at October 31, 2024, there were no legal proceedings relating to the Company. As a result, there were no contingent liabilities as of October 31, 2024 (2023: Nil).

20 Capital commitments

The Company's capital commitments, principally in respect of building renovations and information technology projects were Nil as at October 31, 2024 (2023: Nil).

21 Related party transactions

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

We have applied the low credit risk exemption on all loans and receivables, deposits and liabilities to associates and joint ventures and amounts due to and from associates and affiliates, as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any ACL is deemed to be insignificant.

	2024 ('000)	2023 ('000)
Cash and cash equivalents		
Due to RBCFCL Subsidiaries	41,045	33,896
Other assets		
Other affiliated companies	328	315
Due to affiliate		
Due to RBCFCL Subsidiaries	1,056	456
Non-Interest income		
Other affiliated companies	10,482	10,058
Other operating expenses		
Due to RBCFCL Subsidiaries	9,850	10,027
Dividends paid		
RBCFCL	10,000	15,000

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of RBC Trust (Trinidad & Tobago) Limited, directly or indirectly. They include the senior executives called the Operating Committee (OC) and Executive Management Committee (EMC). The OC and EMC are comprised of the Head Caribbean Banking and those individuals that report to him, including the Chief Financial Officer, Head Human Resources, Chief Risk Officer, and heads of business and functional units. The EMC is ultimately responsible for all material decisions. The EMC is also responsible for establishing the overall strategic direction of The Group and, in that regard, sets global parameters for The Group within which the board of directors and management of each subsidiary in The Company exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The RBC Trust (Trinidad & Tobago) Limited do not plan, direct, or control the activities of The Company; they oversee the management of the business and provide stewardship.

	2024 ($'000)	2023 ($'000)
Share base payments	-	-
Salaries and short-term benefits	731	832

22 Financial risk management

22.1 **Risk management**

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and the Company is accountable for the risk exposures relating to its responsibilities. The Company is exposed to credit risk, liquidity risk, operational risk and market risk.

Risk management structure

The Board of Directors is responsible for providing oversight over the management of risks. The EMC is responsible for managing and monitoring risks.

22 Financial risk management (continued)

22.1 Risk management (continued)

Executive Management Committee (EMC)

The EMC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Company's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit

A centralized Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Group Compliance and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Company in the three key areas of credit risk, market risk and operational risk. Each business unit has decentralized units, which are responsible for the independent control of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These decentralized units also ensure the risks are completely captured in the risk measurement and reporting systems.

Asset and Liability Committee (ALCO)

The Group ALCO provides oversight and monitoring of the financial resources of operating entities. The committee's mandate includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the Executive Risk Committee – Risk and Governance and the relevant Board, and the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

ALCO provides oversight and monitoring of the financial resources of operating entities. ALCO is responsible for the oversight and monitoring of the financial resources of operating entities in The Group. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts.
- business and enterprise strategies.
- risks.
- The Group's legal entity structure.
- market developments.
- accounting pronouncements, and
- competitive and regulatory environments.

Considering these dynamics, ALCO is responsible for reviewing, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and The Group's investment portfolio, which are all centrally managed by Treasury. For these areas, ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

Internal Audit

Risk management processes throughout The Company are audited by the internal audit function that examines both the adequacy of the procedures and The Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board Audit Committee and subsidiary Boards' Audit Committees.

Risk measurement and reporting systems

The Company's risks are measured using methods, which reflect both the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyse, control and identify risks early. This information which consists of several reports, is presented and explained to the EMC, the ALCO and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation

As part of its overall risk management, The Company uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within The Company. The effectiveness of hedges is assessed by The Group Risk Management and Finance units (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by The Group Market Risk Unit monthly.

The Company actively uses collateral to reduce its credit risks.

22.2 Categorisation

	Financial assets or liabilities carried at fair value ($'000)	Financial assets or liabilities carried at amortized cost ($'000)	Non-financial assets or liabilities ($'000)	Equity Instrument ($'000)	Total ($'000)
As at October 31, 2024					
Assets					
Cash and cash equivalents	-	41,045	-	-	41,045
Securities	87	-	-	-	87
Equipment	-	-	72	-	72
Intangible assets	-	-	72	-	72
Deferred tax assets	-	-	900	-	900
Other assets	-	8,807	850	-	9,657
Total assets	87	49,852	1,894	-	51,833
Equity and liabilities					
Liabilities					
Post-retirement benefit obligations	-	-	2,616	-	2,616
Deferred tax liability	-	-	26	-	26
Due to affiliate	-	1,056	-	-	1,056
Current income tax liabilities	-	-	983	-	983
Other liabilities	-	1,126	1,652	-	2,778
Shareholders' equity	-	-	-	44,374	44,374
Total equity and liabilities	-	2,182	5,277	44,374	51,833
As at October 31, 2023					
Assets					
Cash and cash equivalents	-	33,896	-	-	33,896
Securities	90	-	-	-	90
Equipment	-	-	70	-	70
Intangible assets	-	-	193	-	193
Corporation tax recoverable	-	-	6,610	-	6,610
Deferred tax assets	-	-	844	-	844
Other assets	-	9,102	812	-	9,914
Total assets	90	42,998	8,529	-	51,617
Equity and liabilities					
Liabilities					
Post-retirement benefit obligations	-	-	2,585	-	2,585
Deferred tax liability	-	-	27	-	27
Due to affiliate	-	456	-	-	456
Current income tax liabilities	-	-	1,666	-	1,666
Other liabilities	-	549	1,159	-	1,708
Shareholders' equity	-	-	-	45,175	45,175
Total equity and liabilities	-	1,005	5,437	45,175	51,617

22.3 Liquidity risk

Liquidity and funding risk (liquidity risk) is the risk that the Company may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they become due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Company's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are all addendums to The Company's Ultimate Parent and will identify distinctions within the Caribbean.. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management are the responsibilities of the Board, Enterprise Risk Committee - Risk and Governance and the Asset and Liability Committee for The Company. The Company's liquidity management process is carried out by the Treasury department of each business unit and monitored by Caribbean Treasury and Group ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. RBC Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

22 Financial risk management (continued)

22.3 Liquidity risk (continued)

The Board and ALCO for The Group regularly reviews information on liquidity positions for each entity operating within The Group as well as on a consolidated level. ALCO annually reviews and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. Regulatory metrics include reserve requirements and Liquidity Coverage Ratio applicable to a few of the Caribbean Islands and Internal measurements for liquidity risk is performed monthly via internally defined Net Cash Flow. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. For example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. To manage liquidity risk within The Group's liquidity risk appetite, we set limits on various metrics over a range of time horizons, jurisdictions and currencies. The Group also considers various levels of stress conditions in our development of appropriate contingency, recovery and resolution plans. The Group's liquidity risk measurement and control activities cover multiple areas:

Tactical (shorter-term) liquidity risk

To address potential immediate cash flows risks in times of stress, The Group uses short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally-derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk

To guide our secured and unsecured wholesale term funding activities, The Group employs an Internal Liquidity Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk

Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Company's Liquidity Contingency Plan (LCP) maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, The Group's Liquidity Crisis Teams (LCTs) each meet at least annually or more as required to assess our liquidity status, and review the LCPs. During times of stress, provide linkages to the front line and other functions to support effective and coordinated crisis management and oversight. The Group's LCTs include members from key primary stakeholders including GRM. The liquidity status assessment and monitoring process informs management, ALCO and the Board of our assessment of internal and external events and their potential implications on liquidity risk.

22.3.1 Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities and excludes any projected interest on securities.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and short term instruments	41,045	-	-	-	-	41,045
Securities	87	-	-	-	-	87
Other Assets	8,366	373	68	-	-	8,807
	49,498	373	68	-	-	49,939
As at October 31, 2024 (continued)						
Liabilities						
Due to associates and affiliated companies	1,056	-	-	-	-	1,056
Other liabilities	1,126	-	-	-	-	1,126
	2,182	-	-	-	-	2,182
Liquidity gap	47,316	373	68	-	-	47,757
Cumulative gap	47,316	47,689	47,757	47,757	47,757	

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities and excludes any projected interest on securities.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2023						
Assets						
Cash and short term instruments	33,896	-	-	-	-	33,896
Securities	90	-	-	-	-	90
Other Assets	7,319	580	1,203	-	-	9,102
	41,305	580	1,203	-	-	43,088
Liabilities						
Due to associates and affiliated companies	456	-	-	-	-	456
Other liabilities	549	-	-	-	-	549
	1,005	-	-	-	-	1,005
Liquidity gap	40,300	580	1,203	-	-	42,083
Cumulative gap	40,300	40,880	42,083	42,083	42,083	

22.4 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department.

Trading portfolios include those portfolios arising from market-making transactions where The Company acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of The Company's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from The Company's amortised and FVOCI securities.

22.4.1 Market risk measurement techniques

The major measurement technique used by the Company to measure and control market risk is stress testing.

The Company applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on The Company's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

22.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from Group Risk Management (GRM). The Board approves the risk appetite for IRRBB, and the Asset Liability Committee (ALCO) and GRM provide ongoing governance through IRRBB risk policies, limits, operating standards and other controls. IRRBB reports are reviewed monthly by GRM, ALCO, and quarterly by the Board.

To monitor and control IRRBB, The Group assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios,

22 Financial risk management (continued)

22.4 Market risk (continued)

22.4.2 Interest rate risk (continued)

and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarios on projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. EVE is measured as the difference in net present value of assets minus liabilities plus the net value of off-balance sheet items. In measuring EVE risk, scenario valuation techniques are applied to detailed spot position data.

NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour on non-maturity deposits and product pricing with consideration of possible forward-looking changes. All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

Market risk measures – IRRBB Sensitivities

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency ($'000)	Hard Currency ($'000)	Local Currency ($'000)	Hard Currency ($'000)
As at October 31, 2024				
Impact before tax				
100 bps increase in rates	(46)	-	(48)	-
100 bps decrease in rates	46	-	48	-
As at October 31, 2023				
Impact before tax				
100 bps increase in rates	(47)	-	(49)	-
100 bps decrease in rates	47	-	49	-

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Financial assets					
Cash and cash equivalents	-	-	-	41,045	41,045
Securities	-	-	-	87	87
Other assets	-	-	-	8,807	8,807
Total financial assets	-	-	-	49,939	49,939
Financial liabilities					
Due to affiliate	-	-	-	1,056	1,056
Other liabilities	-	-	-	1,126	1,126
Total financial liabilities	-	-	-	2,182	2,182
Interest sensitivity gap	-	-	-	-	-
As at October 31, 2023					
Financial assets					
Cash and cash equivalents	33,896	-	-	-	33,896
Securities	-	-	-	90	90
Other assets	-	-	-	9,102	9,102
Total financial assets	33,896	-	-	9,192	43,088
Financial liabilities					
Due to affiliate	-	-	-	456	456
Other liabilities	-	-	-	549	549
Total financial liabilities	-	-	-	1,005	1,005
Interest sensitivity gap	33,896	-	-	-	-

22.4.3 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is affected by changing prices of equity instruments designated as fair value through other comprehensive income with fair value movements recognised in other comprehensive income attributable to The Company. The exposure is not significant to The Company.

22.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis so as to ensure that they are maintained within established limits.

22.5.1 Concentrations of currency risk

The functional currency of the Company is Trinidad and Tobago dollars. The Company does not hold any foreign currency balances (2023: Nil).

22.6 Credit risk

Credit risk is the risk that The Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

22.6.1 Maximum exposure to credit risk

	Gross maximum exposure	
	2024 ($'000)	2023 ($'000)
Cash and cash equivalents	41,045	33,896
Securities	87	90
Other assets	8,807	9,102
Total	49,939	43,088

22.6.2 Credit quality by class of financial assets

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2024				
Cash and cash equivalents	41,045	-	-	41,045
Securities	87	-	-	87
Other assets	8,022	-	785	8,807
Total	49,154	-	785	49,939
As at October 31, 2023				
Cash and cash equivalents	33,896	-	-	33,896
Securities	90	-	-	90
Other assets	8,290	-	812	9,102
Total	42,276	-	812	43,088

The Company applies the simplified approach to general provisioning and considers whether an additional specific provision is required at the end of each month for the potential losses that could occur in the collection of past due accounts. The specific provision is made on invoiced amounts owed over 90 days and accrued amounts over 365 days that the Company deems uncollectible as at October 31, 2024. The Company reviews all amounts owed on a quarterly basis and make specific provisions for amounts that are deemed uncollectible as and when necessary.

22.6.3 Credit risk exposure on debt securities and other bills based on the Company's internal corporate rating system

Based on the Company's internal and equivalent rating agency designation, short term investments amounting to $86,900 (2023: $89,850) are rated Excellent (BB+).

22.7 Capital management

Capital management is a proactive process that ensures that the Company has and remains able to generate or raise sufficient capital on a timely and cost-effective basis to underpin its risks and ultimately protect depositors and other creditors from unexpected losses.

Capital adequacy and the use of regulatory capital are monitored by the Company's management, based on an internal risk assessment approach employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision as implemented by the local banking and non-banking regulators of the various territories in which the Company operates.

The Company is governed by the risk based capital targets set by the Central Bank of Trinidad and Tobago, and are required to calculate capital ratios and capital-to-risk adjusted assets multiples using the framework adopted by the Central Bank of Trinidad and Tobago.

22 Financial risk management (continued)

22.7 Capital management (continued)

Under the local guidelines, adjusted qualifying capital includes core capital and supplementary capital.

Core capital mainly consists of fully paid and issued share capital, audited retained earnings, statutory reserve fund, capital reserves excluding asset revaluation reserves less goodwill. Supplementary capital includes subordinated debt, asset revaluation reserves and unaudited profits. Regulatory capital ratios are calculated by dividing core capital by risk-weighted assets and qualifying capital by risk adjusted assets. The required information is filed with the authorities on a monthly or quarterly basis as prescribed by the regulator.

The Company is required to maintain regulatory capital at a minimum of 12.50% (2023:10%). The Company's regulatory capital ratio is 74.99% (2023: 70.41%). During the period, the Central Bank of Trinidad and Tobago amended the framework used to calculate risk weighed assets incorporating additional operating risk elements.

The table below summarises the composition of regulatory capital and the ratio of the Company at the Statement of Financial Position date. During those two years, the Company complied with all of the externally imposed capital requirements to which it is subject.

	2024 ($'000)	2023 ($'000)
Tier 1 capital		
Stated capital	15,000	15,000
Statutory reserve	15,000	15,000
Retained earnings	14,338	15,137
Total qualifying Tier 1 capital	44,338	45,137
Tier 2 capital		
Revaluation reserve – securities	36	38
Other reserve	-	-
Total qualifying Tier 2 capital	36	38
Total regulatory capital	44,374	45,175
Risk-weighted assets:		
On-Statement of Financial Position	59,073	63,881
Total risk-weighted assets	59,073	63,881
Total regulatory capital to risk weighted assets	74.99%	70.41%

23 Fair value of financial assets and liabilities

Financial assets and liabilities not carried at fair value include cash and cash equivalents, receivables and payables. The following comments are relevant to their fair value.

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) cash and cash equivalents; (ii) receivables and payables included in other assets and other liabilities.

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Securities at FVOCI – year ended October 31, 2024				
As at October 31, 2024				
Mutual funds	87	-	-	87
Total investments	87	-	-	87
Securities at FVOCI – year ended October 31, 2023				
As at October 31, 2023				
Mutual funds	90	-	-	90
Total investments	90	-	-	90

Reconciliation of Level 1 fair value measurements of financial assets – year ended October 31, 2024

	FVOCI ($'000)
As at November 1, 2023	90
Loss from changes in fair value	(3)
As at October 31, 2024	87
As at November 1, 2022	95
Gains from changes in fair value	(5)
As at October 31, 2023	90

24 Financing arrangements

The Company has access to an overdraft facility in the amount of $20 million (2023: $20 million)

25 Administered funds

The Company acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, companies and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company. Assets under administration/trusteeship as at October 31, 2024 totalled $41 billion (2023: $40 billion).

26 Events after the reporting period

No significant events occurred after the statement of financial position date and up to the date of the approval of the financial statements by the Board of Directors.