

COMPANY NO. 01124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2007

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ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

For the year ended 31 October 2007

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 October 2007

Principal activities and state of affairs

The company is a United Kingdom incorporated holding company. Its subsidiaries provide a range of banking and other financial services, primarily in the United Kingdom, as part of the international activities of Royal Bank of Canada. The company's principal subsidiary is Royal Bank of Canada Europe Limited, an authorised bank, which is primarily engaged in corporate and investment banking. The group is also engaged in the provision of private banking and asset management services.

The Company is taking small company exemptions under section 246(4) of the Companies Act 1985.

Results and dividends

The profit on ordinary activities after taxation for the year ended 31 October 2007 of £185,000 (2006: £279,000) was transferred to reserves.

The directors do not recommend the payment of a dividend (2006: £nil).

Future prospects

The activities of the company are expected to continue in a similar manner for the foreseeable future.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

For the year ended 31 October 2007

REPORT OF THE DIRECTORS (continued)

Directors

The following served as directors of the company throughout the year

J W Burbidge
C A McManus

J L Wright – Secretary (appointed 05/07/2007)

The company is an indirect wholly owned subsidiary of Royal Bank of Canada and none of the directors has any disclosable interest in the company or any other group company, with the exception of the ultimate parent company. The latter is incorporated outside the UK, and thus the directors are exempt from disclosing their interests in its shares or debentures.

Third Party Indemnities

During the financial year, the Company's Directors benefited from qualifying third party indemnities granted by the Company's ultimate parent Royal Bank of Canada indemnifying the Directors of the Company against liabilities and associated costs, which they could incur in the course of their duties to the Company. The indemnities remain in force as at the date of these financial statements. A copy of each of the indemnities is kept at the registered office of the Company.

Auditors

In the case of each of the directors of the company as at the date when this report was approved

- as far as each of the directors are aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

By order of the Board

J Wright



Company Secretary

27 May 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

We have audited the financial statements of Royal Bank Of Canada Holdings (U K) Limited for the year ended 31 October 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

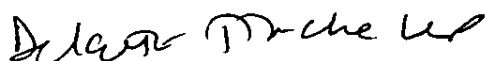
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

27/5 2008

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2007

	Notes	2007 £'000	2006 £'000
Other interest receivable and similar income		2	420
Interest payable		(30)	-
		-----	-----
Net interest income	3	(28)	420
Administrative expenses		(13)	(22)
		-----	-----
(Loss)/profit on ordinary activities before taxation	4	(41)	398
Tax on profit/(loss) on ordinary activities	6	226	(119)
		-----	-----
Profit on ordinary activities after taxation		185	279
		=====	=====

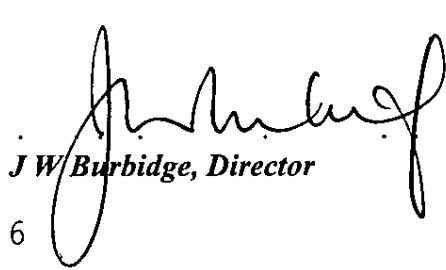
All transactions are derived from continuing operations

There are no recognised gains or losses in either the current year or previous year other than the results for the financial years ended 31 October 2007 and 31 October 2006, respectively, as stated above, and therefore no statement of total recognised gains and losses is required

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED**BALANCE SHEET AT 31 OCTOBER 2007**

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Investments in subsidiaries	7	400,987	400,237
		-----	-----
CURRENT ASSETS			
Amounts owed by subsidiary undertakings		-	801
Current taxation		13	-
		-----	-----
		13	801
		-----	-----
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to parent undertakings		(734)	(626)
Current taxation		-	(331)
		-----	-----
NET CURRENT (LIABILITIES)		(721)	(156)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		400,266	400,081
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Subordinated liabilities due to immediate parent undertaking	8	(95,184)	(95,184)
		-----	-----
TOTAL NET ASSETS		305,082	304,618
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	214,359	214,359
Profit and loss account	10	90,723	90,538
		-----	-----
EQUITY SHAREHOLDERS' FUNDS		305,082	304,618
		=====	=====

The financial statements were approved by the Board of Directors on 27 May 2008 and authorised for issue and signed on their behalf by


J W Burbidge, Director

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Notes to the Accounts

For the year ended 31 October 2007

1 Basis of Presentation

- a) The financial statements have been prepared under the historical cost convention. They are prepared in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of its Urgent Issues Task Force and with the Statements of Recommended Practice issued by the British Bankers Association.
- b) In accordance with the provisions of Section 228A of the Companies Act 1985 the company is exempt from preparing and delivering consolidated financial statements because it is a wholly owned subsidiary of a parent undertaking that is not established in the EEA.
- c) In accordance with Financial Reporting Standard 8 'Related Party Disclosures' paragraph 3(c), the company is exempt from the requirement to disclose related party transactions within the Royal Bank of Canada group of companies on the grounds that more than 90% of the voting rights are controlled within the group.
- d) The company is ultimately owned by Royal Bank of Canada and is included in the consolidated financial statements of Royal Bank of Canada, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement in accordance with paragraph 5, Financial reporting Standard 1 (revised 1996).

2 Principal Accounting Policies

a) Income Recognition

Interest income is recognised in the profit and loss account as it accrues other than interest of doubtful collectability, which is suspended and excluded from interest income. The closing balance on the suspense account is netted in the balance sheet against the amount debited to the borrower. Suspended interest is written off when there is no longer any realistic prospect of it being recovered.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Notes to the Accounts

For the year ended 31 October 2007

2 Principal Accounting Policies (continued)

b) Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where necessary, provision for any impairment in value

c) Taxation

Current tax, including UK Corporation tax, is provided using UK tax rates and Lawson taxable profits taken into account relief for overseas taxation where appropriate

3 Net Interest Income

All net interest income is derived from group companies

4 Loss/profit on ordinary activities before taxation

	2007 £'000	2006 £'000
The loss/profit on ordinary activities before taxation for the year is arrived at after taking into account		
Auditors' remuneration - audit fee	13	22
	<u>=====</u>	<u>=====</u>

5 Remuneration of directors and employees

None of the directors serving during the year received any emoluments from the company (2006 £nil) The Directors received their remuneration from Royal Bank of Canada. The company has no employees (2006 nil)

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Notes to the Accounts

For the year ended 31 October 2007

6 Tax (credit)/charge on profit on ordinary activities

	2007	2006
	£'000	£'000
(Loss)/profit before taxation	(41)	398
Tax reconciliation		
(Loss)/profit on ordinary activities before taxation multiplied at the UK standard rate of 30%	(13)	119
Adjustments recognised in respect of prior periods	(213)	-
Tax (credit)/charge	(226)	119

7 Investments in subsidiaries

	2007	2006
	£'000	£'000
Cost and net book value:		
At start of the year	400,237	400,237
Additions during the year	750	-
At end of the year	400,987	400,237

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED**Notes to the Accounts****For the year ended 31 October 2007****7 Investments in subsidiaries (continued)**

Details of the company's subsidiaries are as follows

<u>Company</u>	<u>Business</u>	<u>Capital & Reserves 2007 £'000</u>	<u>Profit / (Loss) 2007 £'000</u>
Royal Bank of Canada Europe Limited	Banking	434,619	(58,950)
Royal Bank of Canada Investment Management (U K) Limited	Investment management	4,450	(578)
RBC Asset Management UK Limited	Investment management	4,173	987
Orion Leasing Holdings Limited	Leasing	1,422	34
Royal Bank of Canada Trust Corporation Limited	Trustee	4,497	519
RBC Pension Trustees Limited	Trustee		Not material
Montco Nominees Limited	Nominee		Not material
Roycan Nominees Limited	Nominee		Not material

All subsidiaries are 100% owned, incorporated in Great Britain and registered in England and Wales

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Notes to the Accounts

For the year ended 31 October 2007

8 Subordinated liabilities

	2007	2006
	£'000	£'000
Loan capital due to parent companies		
£16.1m repayable 2007-2015	16,100	16,100
£2.2m repayable 2007-2016	2,200	2,200
£7.65m repayable 2016	7,650	7,650
£31.2m repayable 2009	31,234	31,234
£8m repayable 2010	8,000	8,000
£17m repayable 2011	17,000	17,000
£13m repayable 2011	13,000	13,000
	-----	-----
	<u><u>95,184</u></u>	<u><u>95,184</u></u>

All loan capital is unsecured and is subordinated in right of payment to the ordinary creditors, including depositors of the company. All loan capital is non-interest bearing.

9 Share capital

	2007	2006
	£'000	£'000
Authorised share capital		
230,000,000 ordinary shares of £1 each	<u><u>230,000</u></u>	<u><u>203,000</u></u>
Allotted and fully paid		
214,358,436 ordinary shares of £1 each	<u><u>214,359</u></u>	<u><u>214,359</u></u>

10. Profit and loss account

	2007	2006
	£'000	£'000
Profit for the financial year	185	279
Opening profit and loss account	<u><u>90,538</u></u>	<u><u>90,259</u></u>
Closing profit and loss account	<u><u>90,723</u></u>	<u><u>90,538</u></u>

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

Notes to the Accounts

For the year ended 31 October 2007

11 Parent companies

The company's immediate parent company is RBC Finance B V , a company registered in the Netherlands, and its ultimate parent company and controlling party is Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the smallest and largest group which includes the company and for which group accounts are prepared. Copies of the group financial statements of Royal Bank of Canada are available at 71 Queen Victoria Street, London EC4V 4DE