

COMPANY NO. 01124733

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2011

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

For the year ended 31 October 2011

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

For the year ended 31 October 2011

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of Royal Bank of Canada Holdings (U K) Limited ("the Company") for the year ended 31 October 2011

Business review and principal activities

The Company is a holding company registered in England and Wales. 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 ("RBC")

The Company's principal subsidiary is RBC Europe Limited (formerly known as Royal Bank of Canada Europe Limited), an authorised bank, which is primarily engaged in corporate and investment banking activities. The company is taking advantage of the small companies' exemptions under s415A of the Companies Act 2006, in preparing the Directors Report

The profit on ordinary activities after taxation for the year ended 31 October 2011 of £4,953,000 (2010 £281,000) was transferred to reserves

The directors do not recommend the payment of a dividend (2010 £nil)

Future prospects

In 2011, an RBC enterprise-wide initiative was proposed to reorganise the structure of the European corporate group of RBC. The reorganisation is intended to improve efficiencies in the European corporate group. As a significant holding company in the European corporate group of RBC, the Company will be part of this reorganisation contemplated for the second half of fiscal 2012

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company is set out in the financial statements. The Company has adequate financial resources

Therefore, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Financial risk management objective and policies

The Company's objectives, policies and processes for managing its capital and exposures to credit risk, market risk and liquidity risk are disclosed in note 11 to the financial statements

Environment

RBC recognises the importance of its environment responsibilities and has established an environment policy, the goal of which is to minimise the environment impact of its business operations and lending activities. This policy is applicable to the Company. Further details of the Company's environmental policies are provided in the Corporate Responsibility Report of RBC

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

For the year ended 31 October 2011

REPORT OF THE DIRECTORS (continued)

Directors

The following served as directors of the company throughout the year except as noted

J W Burbidge (resigned 11 July 2011)
P F M Egan
S Krag (appointed 6 June 2011)
C A McManus (resigned 18 February 2011)
D Thomas (appointed 11 July 2011)

Third Party Indemnities

During the financial year, the Company's directors benefited from qualifying third party indemnities granted by the Company's parent Royal Bank of Canada indemnifying the directors 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.

Auditor

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 is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- the director 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of S416 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor

Approved by the Board and signed on their behalf



J Wright,
Secretary

25 MAY 2012

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

For the year ended 31 October 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

INDEPENDENT AUDITOR'S 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 2011 which comprise the Income statement and the Balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 October 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.

Michael Lloyd

Michael Lloyd (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

25 May 2012

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

Profit and loss account

For the year ended 31 October 2011

	Notes	2011 £'000	2010 £'000
Other interest receivable and similar income	7	5,003	423
Net interest income	3	5,003	423
Administrative expenses		(50)	(32)
Profit on ordinary activities before taxation	4	4,953	391
Tax on profit on ordinary activities	6	-	(110)
Profit on ordinary activities after taxation		4,953	281

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 2011 and 31 October 2010 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

As at 31 October 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Investments in subsidiaries	7	588,987	583,987
		-----	-----
CURRENT ASSETS			
Amounts owed by group undertakings		401	447
		-----	-----
		401	447
		-----	-----
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Current taxation		(105)	(104)
		-----	-----
NET CURRENT ASSETS		296	343
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		589,283	584,330
		-----	-----
TOTAL NET ASSETS		589,283	584,330
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	8	490,544	490,544
Profit and loss account	9	98,739	93,786
		-----	-----
EQUITY SHAREHOLDERS' FUNDS	10	589,283	584,330
		=====	=====

The financial statements were approved and authorised to be issued by the Board of Directors on **25** May 2012

Signed on behalf of the Board of Directors



Director's Name and Signature

COMPANY NO 01124733

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

Notes to the financial statements

For the year ended 31 October 2011

1 Basis of Presentation

- a) The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice under the historical cost convention, and in compliance with the Companies Act 2006. The particular accounting policies adopted in the current and prior year are described in note 2.
- b) In accordance with the provisions of s401 of the Companies Act 2006 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 the Financial Reporting Standard 8 'Related Party Disclosures', the Company is exempt from the requirement to disclose related party transactions with entities that are wholly owned by a member of the RBC Holdings group. There were no other related party transactions or balances requiring disclosure.
- 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.

Dividend income is recognised when the Company's right to receive of the payment is established.

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 laws on taxable profits taking into account relief for overseas taxation where appropriate. Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. These timing differences arise from the inclusion of items of income and expenditure in the Company's tax computations in different periods from those in which they are included in the financial statements. The amounts provided are calculated at the rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they are recoverable.

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

Notes to the financial statements

For the year ended 31 October 2011

3 **Interest Income**

All net interest income is derived from group companies, which are incorporated in Great Britain and registered in England and Wales

4 **Profit on ordinary activities before taxation**

	2011	2010
	£'000	£'000
The Profit on ordinary activities before taxation for the year is arrived at after taking into account Auditor's remuneration - audit fee	11	11

5 **Remuneration of directors and employees**

None of the directors serving during the year received any emoluments from the company (2010 £ nil) The directors received their remuneration from Royal Bank of Canada The company has no employees (2010 none)

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

	2011	2010
	£'000	£'000
Profit before taxation	4,953	391
Tax reconciliation		
Profit on ordinary activities before taxation multiplied at the UK blended rate of 26.83% (2010 28%)	1,329	110
Expenses not deductible	10	-
Income exempt from tax	(1,342)	-
Adjustments recognised in respect of prior periods	3	-
	-	110

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

Notes to the financial statements

For the year ended 31 October 2011

7 Investments in subsidiaries

Cost and net book value:	2011	2010
	£'000	£'000
At start of the year	583,987	580,987
Additions during the year	5,000	3,000
	-----	-----
At end of the year	<u>588,987</u>	<u>583,987</u>

Details of the company's subsidiaries are as follows

<u>Company</u>	<u>Business</u>	<u>Capital and Reserves</u>	<u>Profit / (Loss)</u>
		<u>2011</u>	<u>2011</u>
		<u>£'000</u>	<u>£'000</u>
RBC Europe Limited (formerly known as Royal Bank of Canada Europe Limited)	Banking	979,856	(101,159)
Royal Bank of Canada Investment Management (U K) Limited	Investment management	6,415	(3,066)
RBC Asset Management UK Limited	Investment management	5,572	2,673
Royal Bank of Canada Trust Corporation Limited	Trustee	5,483	695

During the year, the Company received a cash dividend of £5 million (2010 £Nil) from RBC Asset Management UK Limited, and the proceeds were subsequently used to purchase an additional £5 million shares from Royal Bank of Canada Investment Management (U K) Limited

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 financial statements

For the year ended 31 October 2011

8 Share capital

	2011	2010
	£'000	£'000
Allotted and fully paid 490,543,936 (2010 490,543,936) ordinary shares of £1 each	490,544	490,544
	=====	=====

9 Profit and loss account

	2011	2010
	£'000	£'000
Profit for the financial year	4,953	281
Opening profit and loss account	93,786	93,505
	=====	=====
Closing profit and loss account	98,739	93,786
	=====	=====

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

Notes to the financial statements

For the year ended 31 October 2011

10 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	4,953	281
New shares issued	-	1,000
Net additional to shareholders funds	4,953	1,281
Opening shareholders funds	584,330	583,049
Closing shareholders funds	589,283	584,330

11 Financial risk management

The Company's 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 itself has limited exposure to financial risks. Risk management is carried out within the Company's subsidiaries as part of a group-wide approach.

The Company had outstanding amounts owed by group undertakings of £401,000 (2010: £447,000), these are not subject to significant financial risk.

The Company is therefore deemed to have minimal Credit, Liquidity and Market risk as defined under FRS 29.

12 Adoption of International Financial Reporting Standard (IFRS)

The Company has transitioned to IFRS with effect from 1 November 2011. This is in line with the RBC's enterprise-wide programme that focused on the key areas of impact including financial reporting, systems and processes, as well as communication and trainings.

An assessment on the key areas of impact has been performed by the Company during the year, and there were no material impacts noted.

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

13 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 2 Swan Lane, London EC4R 3AD. Group accounts are also filed at Companies House.