

Company No. 01124733

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

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

31 OCTOBER 2021



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

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 OCTOBER 2021

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

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A MacKinnon (Appointed 22 April 2021)
P Dixon
L Wallis

SECRETARY

S Dowdall

REGISTERED OFFICE

100 Bishopsgate
London
EC2N 4AA

INDEPENDENT AUDITOR

PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey
JE1 4XA
Channel Islands

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

STRATEGIC REPORT

For the year ended 31 October 2021

BUSINESS REVIEW

Royal Bank of Canada Holdings (U.K.) Limited (the "Company") is a holding company registered in England and Wales, with subsidiaries that provide a range of investment and asset management services, as well as private client fiduciary services and other financial services. The client base of subsidiaries is primarily, private clients, trusts, funds, companies and institutions. The Company is a wholly-owned subsidiary of Royal Bank of Canada. The Company's income streams are limited to dividend income from subsidiaries and net interest income generated from cash deposits.

As shown in the Company's Statement of Comprehensive Income on page 11, total interest income decreased by £0.3 million from prior year to £0.1 million (2020: £0.4 million). Total income included a dividend of £62.4 million received from its subsidiaries, £18.0 million from RBC Global Asset Management (UK) Limited and £44.4 million from RBC Investment Management (U.K.) Limited in the year ended 31 October 2021 (2020: £27.0 million received from RBC Global Asset Management (UK) Limited).

The subsidiaries of the Company had mixed results. RBC Global Asset Management (U.K.) Limited and RBC Investment Management (U.K.) Limited ("RBIM UK") made a profit before tax whereas Royal Bank of Canada Trust Corporation Limited made a loss before income tax.

During the year, the board of directors of RBIM UK, in advance of its liquidation, agreed to reduce the nominal value of each issued fully paid up ordinary share from £1.00 to £0.01 thereby reducing its share capital by £42.7m and increasing distributable reserves. Board of directors of RBIM UK also declared and paid two dividends of £42.7m and £1.7m to Royal Bank of Canada Holdings (U.K.) Limited.

An impairment review undertaken by Royal Bank of Canada Holdings (U.K.) Limited resulted in a write down in the investment held in RBIM UK by £42.7m.

KEY PERFORMANCE INDICATORS

Net profit for the year ended 31 October 2021 was £19.8 million (2020: £27.3 million).

The Statement of Financial Position of the Company is shown on page 10 of the financial statements. Total assets in the year were 2021: £149.2 million (2020: £129.5 million).

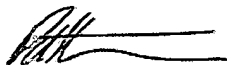
PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business activities are limited as a holding Company and therefore it is not extensively exposed to risks other than credit and liquidity risks. The Company's principal risks and uncertainties and financial and other risk management objectives and policies including information about the Company's capital structure are discussed in Note 11 to the financial statements.

ENVIRONMENT

Royal Bank of Canada recognises the importance of its environmental responsibilities and has established an environmental policy, the goal of which is to minimise the environmental impact of its business activities. Details can be found in the Corporate Responsibility Report of Royal Bank of Canada, incorporated in Canada. This policy is applicable to Royal Bank of Canada Holdings (U.K.) Limited.

On behalf of the board



Director

Name: Peter Dixon

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

DIRECTORS' REPORT

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 2021.

INCORPORATION

The Company is incorporated in United Kingdom (July 1973)

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The activities of the Company are expected to continue in a similar manner for the foreseeable future with the exception of liquidation of RBIM UK whose business has already been transferred to RBC Europe Limited in the previous financial year. Prior to the commencement of the liquidation in 2022, a total cash amount of £44.68m has been received from RBIM UK.

RESULTS

The net profit for the year ended 31 October 2021 was £19.8 million (2020: £27.3 million).

ACCOUNTING STANDARDS

The financial statements are prepared in accordance with all International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and as per the requirements of the Companies Act 2006 as applicable to companies using IFRS and in effect as at 31 October 2021.

GOING CONCERN

The Company has reported an operating profit for the year. Given that the impact of COVID-19 on the Company's financial performance and position has not been material, the directors have therefore made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

DIVIDENDS

No dividend was paid or proposed in the year ended 31 October 2021 (2020: £nil)

THIRD PARTY INDEMNITIES

During the financial year the Company's directors benefitted from qualifying third party indemnities granted by the Company's ultimate 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 the financial statements. A copy of each of the indemnities is kept at the registered office of the Company.

CAPITAL STRUCTURE

The Company's capital structure consists of common equity shares, retained earnings and capital reserves.

DIRECTORS

The present directors are shown on page 2 and have all served throughout the year and subsequently, except as noted below;

A MacKinnon (Appointed 22 April 2021)

The Company is a wholly owned subsidiary of Royal Bank of Canada. None of the directors have any disclosable interests in the shares of the Company or any other group company with the exception of the ultimate parent company. The latter is incorporated outside the United Kingdom, and thus the directors are exempt from disclosing their interests in its shares or debentures.

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

SECRETARY

The present Secretary shown on page 2 and have all served throughout the year and subsequently.

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company makes use of financial instruments in the conduct of its business. The Company's principal risks and uncertainties and financial risk management objectives and policies are discussed in Note 11 of the financial statements.

INDEPENDENT AUDITOR

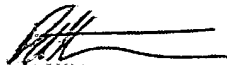
PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office.

Each of the persons who is a director at the date of approval of the financial statements confirms that:

1. so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
2. the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information 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 provisions of section 418 of the Companies Act 2006.

Approved on behalf of the board



Peter Dixon

Director

15 December 2021



Allison MacKinnon

Director

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

The Companies Act 2006 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. 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.

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, the directors are also required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 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 auditors' report to the members of Royal Bank of Canada Holdings (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Royal Bank of Canada Holdings (U.K.) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 October 2021; the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 October 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to company, including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the directors for matters relevant to the audit;

- identifying and testing journal entries considered to be higher fraud risk, including unusual journal entries posted, and the evaluation of any business rationale for any significant or unusual transactions identified as being outside the normal course of business; and
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Ian Ross (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Statutory Auditors

Jersey

16 December 2021

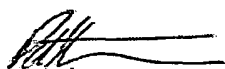
ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER**

(Thousands of British Pounds)	Notes	2021	2020
Non-current assets			
Investments in subsidiaries	4	3,935	46,653
		3,935	46,653
Current Assets			
Cash and cash equivalents	3	145,298	82,859
Amounts due from related parties	10	-	2
		145,298	82,861
Total assets		149,233	129,514
Current liabilities			
Trade and other payables		11	15
Taxation	9	14	71
Total liabilities		25	86
Equity			
Share capital	5	18,316	18,316
Retained earnings		108,599	88,819
Capital reserves		22,293	22,293
Total equity attributable to shareholders		149,208	129,428
Total liabilities and equity		149,233	129,514

The accompanying notes on pages 14 to 24 form an integral part of the financial statements.

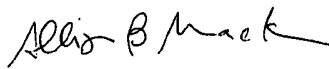
Approved and authorised by the Board of Directors on 13 December 2021

Signed on behalf of the Board of Directors



Peter Dixon

Director



Allison MacKinnon

Director

Signed: 15 December 2021.

Company No. 01124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER**

(Thousands of British Pounds)	Notes	2021	2020
Income			
Interest income	6	81	388
Dividend income		62,439	27,000
Total revenue		62,520	27,388
Expenses			
Administrative expenses	7	(7)	(13)
Total expense		(7)	(13)
Impairment of investment in subsidiary		(42,719)	-
Income before income taxes		19,794	27,375
Income taxes	9	(14)	(71)
Total comprehensive income for the year		19,780	27,304
Total comprehensive income attributable to:			
Shareholders		19,780	27,304

The above results are derived from continuing activities in the current and preceding years. There are no items of other comprehensive income in the current or preceding years.

The accompanying notes on pages 14 to 24 form an integral part of the financial statements.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER**

(Thousands of British Pounds)	Share Capital	Retained Earnings	Capital Reserves	Total Equity
Balances at 1 November 2019	18,316	61,515	22,293	102,124
Total comprehensive income for the year	-	27,304	-	27,304
Balances at 31 October 2020	18,316	88,819	22,293	129,428
Total comprehensive income for the year	-	19,780	-	19,780
Balances at 31 October 2021	18,316	108,599	22,293	149,208

The accompanying notes on pages 14 to 24 form an integral part of the financial statements.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER

(Thousands of British Pounds)	Notes	2021	2020
Cash flows from operating activities			
Income before income taxes		62,513	27,375
Changes in operating assets and liabilities			
Amounts due from related parties		1	(1)
Trade and other payables		5	8
		62,519	27,382
Income taxes paid		(80)	(67)
Net cash from operating activities		62,439	27,315
Cash flows from investing activities			
Investments in subsidiaries	4	-	-
Net cash (used in) investing activities		-	-
Net change in cash and cash equivalents		62,439	27,315
Cash and cash equivalents at beginning of year		82,859	55,544
Cash and cash equivalents at end of year	3	145,298	82,859

The accompanying notes on pages 14 to 24 form an integral part of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

1. GENERAL INFORMATION

Royal Bank of Canada Holdings (U.K.) Limited (the “Company”) is a holding company registered in England (July 1973) and Wales, with subsidiaries that provide a range of investment and asset management services, as well as private client fiduciary services and other financial services. The address of the Company’s registered office is 100 Bishopsgate, London, EC2N 4AA.

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued and in effect as at 31 October 2021 by the International Accounting Standards Board (“IASB”).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates with the exception of Note 10 where disclosure relating to key management personnel and directors is in Canadian dollars, as indicated, this being the functional currency of the parent bank, Royal Bank of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Statement of compliance

The financial statements are prepared in accordance with IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) and Companies Act 2006.

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis. The particular accounting policies adopted by the directors are described below. These policies have been consistently applied to all years presented, unless otherwise stated.

b) Going concern

The COVID-19 pandemic has continued to evolve and the economic environment in which the Company operates continues to be subject to sustained volatility, which could negatively impact the Company’s financial results, as the duration of the pandemic and the effectiveness of steps undertaken by governments and central banks in response to the pandemic remain uncertain. The current environment requires particularly complex judgments and estimates in certain areas. The Company is closely monitoring the changing conditions and their impacts.

c) Basis of non-consolidation

The Company has not prepared consolidated accounts in accordance with the exemption under International Accounting Standard (“IAS”) 27 Consolidated and Separate Financial Statements, on the basis that the Company itself is a wholly-owned subsidiary and the shareholder has access to all pertinent information concerning the resources and results of operations of the Royal Bank of Canada. Consolidated financial statements can be requested from the Corporate Secretary’s Department, Royal Bank of Canada, Royal Bank Plaza, PO Box 1, Toronto, Ontario, M5J 2J5.

d) Use of estimates and assumptions

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income and related disclosures. Estimates made by management are based on historical experience and other assumptions of future events that are believed to be reasonable.

e) Significant judgements and estimates

In the preparation of these financial statements, management is required to make significant judgements and estimates that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the year. There are no significant judgements and estimates included in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

f) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured at historical cost are translated into sterling at historical rates.

g) Cash and cash equivalents

Cash and cash equivalents comprise demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

h) Investments in subsidiaries

The investments in subsidiaries are included in the Statement of Financial Position at the historic sterling cost less provision for any impairment in value. Impairment is assessed annually at the end of each financial year having regard to underlying assets and anticipated future cash flows. If there is an indication that the investment in subsidiary may be impaired, an impairment test is performed by comparing the carrying amount of the investment in subsidiary to its recoverable amount. If the recoverable amount of the investment in subsidiary is less than its carrying amount, the carrying amount of the investment in subsidiary is written down to its recoverable amount as an impairment loss.

i) Trade and other payables

Trade and other payables are initially recognised at the invoice amount and subsequently measured at amortised cost.

j) Dividend income

Dividend income is recognised when the Company's right to receive payment is established. This occurs on the date when shareholders have approved the dividend.

k) Expense recognition

Expenses are accounted for on an accrual basis and are recorded in the financial statements of the periods to which they relate.

l) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by change in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted by the end of the reporting period in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on a temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

l) Income Taxes – continued

Deferred income tax is determined based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is possible that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investment in foreign operation where the company is able to control the timing of the reversal if the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax and deferred tax is recognised in profit or loss, except that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

m) Conceptual framework

Tax and deferred tax is recognised in profit or loss, except that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

During the first quarter of 2021, the Group adopted the revised Conceptual Framework, which replaces the previous version of the Conceptual Framework issued in 2010. The Conceptual Framework is not a standard, and does not override the concepts or requirements in any standard. It may be used to develop consistent accounting policies where there is no applicable standard in place. The revisions include a few new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no material impact on the consolidated financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

3. CASH AND CASH EQUIVALENTS

(Thousands of British Pounds)	2021	2020
Amounts due from related parties		
RBC Affiliates	145,298	82,859

Amounts due from related parties are unsecured and repayable on demand.

4. INVESTMENTS IN SUBSIDIARIES

(Thousands of British Pounds)	2021	2020
Cost and net book value:		
As at start of the year	46,653	46,653
Impairment of Investment in Subsidiary	(42,718)	-
As at end of the year	3,935	46,653

Details of the Company's subsidiaries are as follows:

The registered office address of RBC Global Asset Management (UK) Limited is 77 Grosvenor Street, London W1K 3JR. The registered office address of all other subsidiaries is 100 Bishopsgate, London, EC2N 4AA.

(Thousands of British Pounds)				
Company	Nature of Business	2021	2020	
Royal Bank of Canada Investment Management (U.K.) Limited ¹	Investment management	635	43,353	
RBC Global Asset Management (UK) Limited	Investment management	300	300	
Royal Bank of Canada Trust Corporation Limited	Trustee	3,000	3,000	
At end of the year		3,935	46,653	

Subsidiary Total Equity as at 31 October 2021

(Thousands of British Pounds)						
Company	Share Capital	Retained Earnings	Profit/(Loss)	Dividend	Total	
Royal Bank of Canada Investment Management (U.K.) Limited ¹	635	44,466	17	(44,439)	679	
RBC Global Asset Management (UK) Limited	300	86,997	79,198	(18,000)	148,495	
Royal Bank of Canada Trust Corporation Limited	3,000	1,297	(23)	-	4,274	
At end of the year 2021	3,935	132,760	79,192	(62,439)	153,448	

¹On 1st September 1993 Royal Bank of Canada Holdings (U.K.) Limited purchased Royal Trust Investment Management Limited (now Royal Bank of Canada Investment Management (U.K.) Limited) for consideration and stamp duty of £1,396,000 of which £1,043,000 was written off as goodwill. This equates to a net investment in subsidiary of £353,000 in Royal Bank of Canada Holdings (U.K.) which was disclosed at the time as "Subsidiary Shares". The called up share capital in Royal Bank of Canada Investment Management (U.K.) Limited was £150,000 when it was purchased. The difference of £203,000 is the price paid over and above the nominal value of these shares.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

4. INVESTMENTS IN SUBSIDIARIES – CONTINUED

All subsidiaries are 100% owned by the Company, incorporated in the United Kingdom and registered in England and Wales. At the financial year end impairment reviews were carried out where there was an indication that an asset may be impaired except as set out below. IAS 36 requires that assets be carried at no more than their recoverable amount. To meet this objective, the standard requires entities to test all assets that are within its scope for potential impairment when indicators of impairment exist or, at least, annually for goodwill and intangible assets with indefinite useful lives.

At the financial year end there was no indication that RBC Global Asset Management (UK) Limited or Royal Bank of Canada Trust Corporation Limited were impaired. For both subsidiaries their respective equity value was higher than the carrying values.

The investment in Royal Bank of Canada Investment Management (U.K.) Limited ("RBIM UK") has been impaired by £42.7m following the capital reduction upon decrease of the nominal value of each ordinary share from £1.00 to £0.01.

5. SHARE CAPITAL

(Thousands of British Pounds)	2021	2020
Authorised share capital		
An unlimited number of ordinary voting shares may be issued		
Issued, allotted and fully paid:		
610,542,936 ordinary voting shares of £0.03 each	18,316	18,316

Each issued share carries the right of one vote per share.

6. INTEREST INCOME

(Thousands of British Pounds)	2021	2020
Interest income received from related parties: RBC Affiliates (Note 10)	81	388
Other Interest income	-	-
Total interest income	81	388

7. ADMINISTRATIVE EXPENSES

(Thousands of British Pounds)	2021	2020
Audit fees	7	13
Other expenses	-	-
Total	7	13

During the year the Company's auditor's remuneration was £9,162 (2019: £12,598).

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

8. REMUNERATION OF DIRECTORS AND EMPLOYEES

None of the Directors serving during the year received any emoluments from the Company (2020: £nil). The Directors received their remuneration from other companies. The Company has no employees (2020: 0).

9. INCOME TAXES

(Thousands of British Pounds)	2021	2020
UK corporation tax on Income/(loss) for the year	14	71
	14	71

The Company is subject to UK Corporation Tax at an effective rate of 19% for the financial year 2021 and 19% for the financial year 2020.

Reconciliation to statutory tax rate

The difference between the total tax shown above and the amount calculated by applying the standard rate of tax to the Company income before tax is as follows:

(Thousands of British Pounds)	2021	2020
Income before income taxes	19,794	27,375
Income tax at the UK corporation tax rate 19% (2020: 19%)	3,761	5,201
Effect of:		
Income exempt from tax	(3,747)	(5,130)
Total tax charge for the year	14	71

10. RELATED PARTY TRANSACTIONS

Related party

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

The Company is the parent company of the following subsidiaries: RBC Global Asset Management (UK) Limited, RBC Pension Trustees Limited, Royal Bank of Canada Trust Corporation Limited, Montco Nominees Limited and Royal Bank of Canada Investment Management (U.K.) Limited. The Company has agreed that RBC Pension Trustees Limited (Company Number 1035515), Royal Bank of Canada Trust Corporation Limited (Company Number 849073), Royal Bank of Canada Investment Management (U.K.) Limited (Company Number 02494634) and Montco Nominees Limited (Company Number 503419) are exempt from the requirements of an audit under section 479A of the Companies Act 2006 by virtue of a declaration of guarantee provided under section 479C of the Companies Act 2006.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

10. RELATED PARTY TRANSACTIONS - CONTINUED

Key management personnel and RBC Directors

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of RBC and its subsidiaries, directly or indirectly. They include the senior members of RBC called the Group Executive ("GE"). The GE is comprised of the President and Chief Executive Officer, and the Chief Officers and Group Heads, who report directly to him. The GE is ultimately responsible for all material decisions of RBC. The GE is also responsible for establishing the overall strategic direction of the RBC Group and, in that regard, sets global parameters for the RBC Group within which the board of directors and management of each subsidiary in the RBC Group exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary.

Compensation of Key management personnel and RBC Directors

The following tables present the compensation paid, shareholdings and options held by KMP and RBC Directors.

For the year ended ⁽¹⁾

(CAD million)	2021	2020
Salaries and other short-term employee benefits ⁽³⁾	19	21
Post-employment benefits ⁽⁴⁾	3	2
Share based payments	35	32
	57	55

- (1) KMP and RBC Directors received their remuneration from RBC. No direct compensation is charged to the subsidiary by RBC in respect of the services provided.
- (2) During the year ended 31 October 2020, certain RBC executives who were members of RBC's Group Executive as at 31 October 2019, left RBC and therefore, were no longer part of KMP. Compensation for the year ended 31 October 2020, attributable to the former RBC executives, including benefits and share-based payments relating to awards granted in prior year was \$27 million.
- (3) Includes the portion of the annual variable short-term incentive bonus that certain executives elected to receive in the form of deferred share units. RBC Directors receive retainers but do not receive salaries and other short-term employee benefits
- (4) RBC Directors do not receive post-employment benefits.

Stock options, stock awards and shares held by Key management personnel, RBC Directors and their close family members

As at 31 October

	2021		2020	
	No. of	Value	No. of	Value
	units held	CAD million	units held	CAD million
Stock options ⁽²⁾	2,369,659	81	1,912,482	15
Other non-option stock based awards ⁽²⁾	983,004	127	869,756	81
RBC common shares and preferred shares	183,783	24	206,652	19
	3,536,446	232	2,988,890	115

(1) During the year ended 31 October 2021, certain RBC directors who were members of the Board of Directors as at 31 October 2020, retired, and therefore, were no longer part of KMP. Total shareholdings held upon their retirement was 21,723 units with a value of \$3 million.

(2) During the year ended 31 October 2020, certain RBC executives who were members of RBC's Group Executive as at 31 October 2019, left RBC and therefore, were no longer part of KMP. Total shareholdings and options held upon their departure was 1,600,184 units, with a value of \$91 million.

(3) RBC Directors do not receive stock options or any other non-option stock based awards

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

10. RELATED PARTY TRANSACTIONS - CONTINUED

Transactions, arrangements and agreements involving Key management personnel, RBC Directors and their close family members

In the normal course of business, RBC provides certain banking services to KMP, RBC Directors, and their close family members. These transactions were made on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing and did not involve more than the normal risk of repayment or present other unfavourable features.

As at 31 October 2021 total loans to KMP, RBC Directors and their close family members were \$6 million (31 October 2020 - \$6 million). RBC has no Stage 3 allowance or provision for credit losses relating to these loans as at and for the year ended 31 October 2021. No guarantees, pledges or commitments have been given to KMP, RBC Directors or their close family members.

Immediate and ultimate controlling party

The Company's immediate and ultimate parent company and controlling party is Royal Bank of Canada, a company incorporated in Canada which is also the parent undertaking of the smallest and largest group which includes the Company and for which group financial statements are prepared. The consolidated financial statements of the ultimate parent company are available from the following address:

Royal Bank of Canada
Royal Bank Plaza
PO Box 1
Toronto
Ontario
M5J 2J5
Canada

Affiliates

In the normal course of business, the Company enters into transactions with affiliates. Affiliates include direct and indirect subsidiaries of the parent bank, RBC.

Balances with related parties

(Thousands of British Pounds)	2021	2020
Balances with related parties		
Cash and cash equivalents with related parties		
RBC Affiliates – Cash and cash equivalents	145,298	82,859
Amounts due from related parties		
RBC Affiliates – Accrued interest income	-	2

Transactions with related parties

(Thousands of British Pounds)	2021	2020
Income		
RBC Affiliates – Dividend income	62,439	27,000
RBC Affiliates – Interest income	81	388
	62,520	27,388

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Overview

The Board of Directors ("the Board") has overall responsibility for the establishment and ongoing management of the risk management framework. The Company itself has limited exposure to financial risk. Risk management is carried out at the Company's subsidiaries level as part of group-wide approach.

The Board delegates the monitoring of risk to the WMI Risk and Compliance Committee which oversees how the Company monitors compliance with risk management policies and procedures, whilst reviewing the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards, procedures, and training of employees aims to develop a disciplined and constructive control environment in which all employees are involved and understand their roles and obligations.

The Company does not enter into hedging instruments because there is not a material exposure to hedge, nor does the Company enter into speculative financial instruments.

The Company's financial instruments comprise cash and liquid resources and various items such as amounts due from related parties and trade and other payables which arise directly from operations.

Summary of financial assets and liabilities by category

(Thousands of British Pounds)	2021	2020
Financial assets at amortised cost		
Cash and cash equivalents	145,298	82,859
Amounts due from related parties	-	2
	145,298	82,861
Financial liabilities at amortised cost		
Trade and other payables	11	15
	11	15

Management is of the opinion that the fair value of financial assets and financial liabilities does not differ from the carrying value.

The following is a description of credit risk, currency risk, market risk, liquidity risk and capital risk, the Company's exposure to them and how these risks are managed. The Company is a directly wholly-owned subsidiary of RBC.

In general, credit risk, currency risk, market risk, liquidity risk and capital risk are managed as part of the overall RBC risk management practices.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS - CONTINUED

Credit risk

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfil its payment obligations.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised in the Statement of Financial Position as noted in the above table. The Company's directors consider that all the above financial assets at each year end date under review are of a good credit quality.

Amounts due from related parties and cash and cash equivalents held with related parties are assessed by management to be of low credit risk with sufficient resources available to cover the amounts due when required.

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

The ageing of financial assets at the reporting date was:

(Thousands of British Pounds)	1-3 months	3-6 Months	Over 6 months	Total
31 October 2021				
Cash and cash equivalents	145,298	-	-	145,298
Amounts due from related parties	-	-	-	-
	145,298	-	-	145,298
31 October 2020				
Cash and cash equivalents	82,859	-	-	82,859
Amounts due from related parties	2	-	-	2
	82,861	-	-	82,861

Currency risk

The Company generates its revenues largely from dividend and interest income which is calculated and paid in pound sterling. As pound sterling represented 100% of the total Assets and Liabilities at 31 October 2021 management is of the opinion that there is no material impact on the Company arising from foreign exchange risk because the company does not have material foreign exchange exposures and therefore no sensitivity analysis has been presented.

Market risk

Market risk is the risk of loss on the value of a financial instrument that may arise from changes in market factors such as interest rates, foreign exchange rates, equity or commodity prices, and credit spreads.

Given that the nature of the Company's financial instruments are non-trading assets and liabilities, which hasn't changed since last year, exposure to market risk is not significant and therefore no sensitivity analysis has been presented.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost-effective manner to meet its commitments as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without risking damage to the Company's reputation.

Liquidity risk is also considered minimal as trade and other payables are short term in nature and the Company maintains high levels of liquid cash and cash equivalents balances. The directors are of the opinion that the carrying value of the Company's Trade and other payables equate to their fair value.

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2021

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS - CONTINUED

The expected maturities of financial liabilities at the reporting date were:

(Thousands of British Pounds)	Less than 6 months	6 months to 1 year	1-5 year	Total
31 October 2021				
Trade and other payables	12	-	-	12
	12	-	-	12
31 October 2020				
Trade and other payables	15	-	-	15
	15	-	-	15

Capital risk management

The Board views capital as comprising all components of equity including share capital, retained earnings and capital reserves. The Board's objectives when maintaining capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Board sets the amount of capital it requires in proportion to risk and regulatory requirements. In order to maintain or adjust the capital structure, the Board may adjust the amounts of dividends paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets. The Company's overall strategy remains unchanged since last year. The Company is not a regulated Company and therefore does not require a minimum capital level.

Other risk

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. In addition to causing material disruptions to businesses globally, the COVID-19 pandemic posed some uncertainty and additional business risk which the directors have continued to monitor and has had an adverse impact on the financial instruments of the Company and as a result impacted its financial performance during this financial year. As at the date of signing of the financial statements, the impact on the Company's financial instruments has not been material.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no subsequent events after the reporting period.