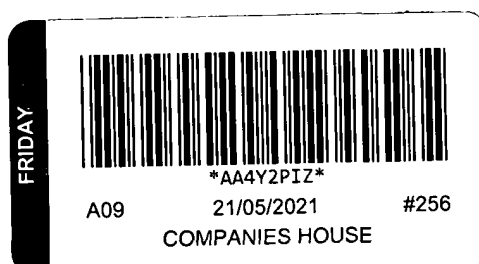


Company No. 01124733

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

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**31 OCTOBER 2020**



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

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## **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 OCTOBER 2020**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	2
Strategic report	3
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Statement of financial position	9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13

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

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## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M Clatworthy (resigned 31 July 2020)  
C Brown (resigned 12 November 2020)  
P Dixon  
L Wallis (appointed 25 August 2020)

### **SECRETARY**

A Richardson (resigned 18 December 2019)  
S Dowdall (appointed 18 December 2019)

### **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

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## STRATEGIC REPORT

For the year ended 31 October 2020

### 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 10, total interest income increased by £0.02 million from prior year to £0.39 million. Total income included a dividend of £27 million received from its subsidiaries RBC Global Asset Management (UK) Limited in the year ended 31 October 2020 (2019: £20 million received from RBC Global Asset Management (UK) Limited).

The subsidiaries of the Company had mixed results. RBC Global Asset Management (U.K.) Limited, Royal Bank of Canada Trust Corporation Limited and RBC Investment Management (U.K.) Limited ("RBIM UK") made a profit before tax whereas RBC Investment Management (USA) Limited made a loss before income tax. Following a strategic review of the RBIM UK's business, the directors have sold the business to RBC Europe Limited on 4 November 2019 for cash consideration of £42 million and plan to liquidate the company.

Net profit for the year ended 31 October 2020 was £27.30 million (2019: £20.29 million).

The Statement of Financial Position of the Company is shown on page 9 of the financial statements. Total assets increased in the year (2020: £129.51 million versus 2019: £102.20 million).

During the current year the Company purchased £nil million shares in Royal Bank of Canada Investment Management (U.K.) Limited (2019: £1.6 million). Aside from as detailed above there were no other matters of strategic importance to the company.

### PRINCIPAL RISKS AND UNCERTAINTIES

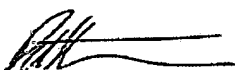
The Company's business activities are limited as a holding Company and therefore it is not extensively exposed to risks other than credit and liquidity risks.

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

15 January 2021

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

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## **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 2020.

## **INCORPORATION**

The Company is incorporated in United Kingdom.

## **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The activities of the Company are expected to continue in a similar manner for the foreseeable future. Following a strategic review of the RBIM UK's business, the directors have transferred the business to RBC Europe Limited on 4 November 2019 and approved a plan to liquidate the company.

## **RESULTS**

The net profit for the year ended 31 October 2020 was £27.30 million (2019: £20.29 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"), adopted by the European Union 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 2020.

## **GOING CONCERN**

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The breadth and depth of the impact of COVID-19 on the global economy and financial markets has continued to evolve with disruptive effects while also contributing to increased market volatility and changes to the macroeconomic environment. The directors are closely monitoring the potential continued effects and impacts of the COVID-19 pandemic, which is a rapidly evolving situation. Uncertainty remains as to the full impacts of COVID-19 on the global economy, financial markets, and the Company, including on the Company's financial results, regulatory capital and liquidity ratios and ability to meet regulatory and other requirements.

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 2020 (2019: £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.

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

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### **DIRECTORS**

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

C Brown	(resigned 12 November 2020)
M Clatworthy	(resigned 31 July 2020)
L Wallis	(appointed 25 August 2020)

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.

### **SECRETARY**

The present secretary of the Company is shown on page 2 and has served from 18 December 2019 and subsequently as noted below

A Richardson	(resigned 18 December 2019)
S Dowdall	(appointed 18 December 2019)

### **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**

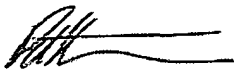
PricewaterhouseCoopers CI LLP have expressed their willingness to continue in office.

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.

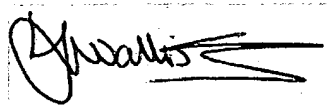
**Approved on behalf of the board**



Peter Dixon

Director

15 January 2021



Lisa Wallis

Director

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

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### DIRECTORS' RESPONSIBILITIES STATEMENT

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

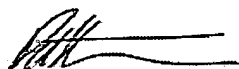
The Companies Act 2006 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the European Union. 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.

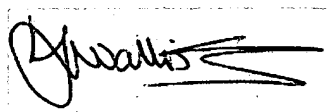
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.



Peter Dixon

Director



Lisa Wallis

Director

15 January 2021

# Independent auditor's report to the members of Royal Bank of Canada Holdings (U.K.) Limited

## Report on the audit of the financial statements

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### Our 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 2020 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 adopted by the European Union; 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 2020; the statement of comprehensive income, the statement of changes in equity, the 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.

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### 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. We are also independent in accordance with SEC Independence rules.

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### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2020 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.

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#### **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 set out on page 6, 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.

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](http://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.

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## **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 received 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, Channel Islands  
18 January 2020

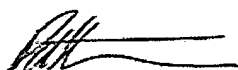
**ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER**

(Thousands of British Pounds)	Notes	2020	2019
<b>Current Assets</b>			
Cash and cash equivalents	3	82,859	55,544
Amounts due from related parties	10	2	1
		82,861	55,545
<b>Non-current assets</b>			
Investments in subsidiaries	4	46,653	46,653
<b>Total assets</b>		129,514	102,198
<b>Current liabilities</b>			
Trade and other payables		15	7
Taxation	9	71	67
<b>Total liabilities</b>		86	74
<b>Equity</b>			
Share capital	5	18,316	18,316
Retained earnings		88,819	61,515
Capital reserves		22,293	22,293
<b>Total equity attributable to shareholders</b>		129,428	102,124
<b>Total liabilities and equity</b>		129,514	102,198

The accompanying notes on pages 13 to 23 form an integral part of the financial statements.

Approved and authorised by the Board of Directors on 18 December 2020

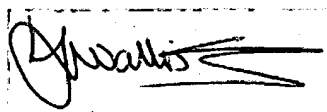
Signed on behalf of the Board of Directors



Peter Dixon

Director

Signed: 15 January 2021.



Lisa Wallis

Director

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	2020	2019
<b>Income</b>			
Interest income	6	388	369
Dividend income		27,000	20,000
<b>Total revenue</b>		<b>27,388</b>	<b>20,369</b>
<b>Expenses</b>			
Administrative expenses	7	13	14
<b>Total expense</b>		<b>13</b>	<b>14</b>
<b>Income before income taxes</b>		<b>27,375</b>	<b>20,355</b>
Income taxes	9	(71)	(67)
<b>Total comprehensive income for the year</b>		<b>27,304</b>	<b>20,288</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders		27,304	20,288

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 13 to 23 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**

<i>(Thousands of British Pounds)</i>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Capital Reserves</b>	<b>Total Equity</b>
<b>Balances at 1 November 2018</b>	18,316	41,227	22,293	81,836
Total comprehensive income for the year	-	20,288	-	20,288
<b>Balances at 31 October 2019</b>	18,316	61,515	22,293	102,124
Total comprehensive income for the year	-	27,304	-	27,304
<b>Balances at 31 October 2020</b>	18,316	88,819	22,293	129,428

The accompanying notes on pages 13 to 23 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	2020	2019
<b>Cash flows from operating activities</b>			
Income before income taxes		27,375	20,355
<b>Changes in operating assets and liabilities</b>			
Amounts due from related parties		(1)	-
Trade and other payables		8	(16)
		27,382	20,339
Income taxes paid		(67)	(35)
<b>Net cash from operating activities</b>		27,315	20,304
<b>Cash flows from investing activities</b>			
Investments in subsidiaries	4	-	(1,600)
<b>Net cash (used in) investing activities</b>		-	(1,600)
<b>Net change in cash and cash equivalents</b>		27,315	18,704
Cash and cash equivalents at beginning of year		55,544	36,840
<b>Cash and cash equivalents at end of year</b>	3	82,859	55,544

The accompanying notes on pages 13 to 23 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 2020

---

### 1. GENERAL INFORMATION

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 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 2020 by the International Accounting Standards Board ("IASB") and as adopted by the European Union.

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, adopted by the European Union 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 2020

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### 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 2020

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### 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) New and amended standards adopted during the year

##### *IFRS 16 Leases ("IFRS 16")*

In January 2016, the IASB issued IFRS 16, which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of right-of-use assets and lease liabilities on the balance sheet for most leases. Lessees will recognise depreciation expense on the right-of-use asset and interest expense on the lease liability in the statement of income. IFRS 16 is effective for the Company from 1 November 2019. The adoption of IFRS 16 did not significantly impact the financial results of the Company.

#### n) Conceptual framework

##### *Conceptual Framework for Financial Reporting*

In March 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. This replaces the previous version of the Conceptual Framework issued in 2010. The revised Conceptual Framework will be effective on 1 November 2020. 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. The amendments are expected to have no impact on the financial statements.



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

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2020

### 3. CASH AND CASH EQUIVALENTS

(Thousands of British Pounds)	2020	2019
Amounts due from related parties		
RBC Affiliates	82,859	55,544

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

### 4. INVESTMENTS IN SUBSIDIARIES

(Thousands of British Pounds)	2020	2019
<b>Cost and net book value:</b>		
As at start of the year	46,653	45,053
Additions during the year	-	1,600
As at end of the year	46,653	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	2020	2019	
Royal Bank of Canada Investment Management (U.K.) Limited <sup>1</sup>	Investment management	43,353	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		46,653	46,653	

### Subsidiary Total Equity as at 31 October 2020

(Thousands of British Pounds)							
Company	Share Capital	Retained Earnings	Profit/ (Loss)	Sale of Business	Dividend	Total	
Royal Bank of Canada Investment Management (U.K.) Limited <sup>1</sup>	43,353	(40,348)	70	42,000	-	45,075	
RBC Global Asset Management (UK) Limited	300	64,055	49,942	-	(27,000)	87,297	
Royal Bank of Canada Trust Corporation Limited	3,000	1,335	51	-	-	4,386	
At end of the year 2020	46,653	25,042	50,063	42,000	(27,000)	136,758	

<sup>1</sup>On 1<sup>st</sup> 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 2020

### 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.

In respect of Royal Bank of Canada Investment Management (U.K.) Limited ("RBIM UK"), the business has been transferred to RBC Europe Limited on 4 November 2019 for fair market value cash consideration of £42 million and the entity is planned to be liquidated.

### 5. SHARE CAPITAL

(Thousands of British Pounds)	2020	2019
<b>Authorised share capital</b>		
An unlimited number of ordinary voting shares may be issued		
<b>Issued, allotted and fully paid:</b>		
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)	2020	2019
Interest income received from related parties: RBC Affiliates (Note 10)	388	367
Other Interest income	-	2
<b>Total interest income</b>	<b>388</b>	<b>369</b>

### 7. ADMINISTRATIVE EXPENSES

(Thousands of British Pounds)	2020	2019
Audit fees	13	13
Other expenses	-	1
<b>Total</b>	<b>13</b>	<b>14</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2020

### 8. REMUNERATION OF DIRECTORS AND EMPLOYEES

None of the Directors serving during the year received any emoluments from the Company (2019: £nil). The Directors received their remuneration from other companies. The Company has no employees (2019: nil).

### 9. INCOME TAXES

(Thousands of British Pounds)	2020	2019
UK corporation tax on Income/(loss) for the year	71	67
	71	67

The Company is subject to UK Corporation Tax at an effective rate of 19% for the financial year 2020 and 19% for the financial year 2019.

#### 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)	2020	2019
Income before income taxes	27,375	20,355
Income tax at the UK corporation tax rate 19% (2019: 19%)	5,201	3,867
Effect of:		
Income exempt from tax	(5,130)	(3,800)
<b>Total tax charge for the year</b>	<b>71</b>	<b>67</b>

### 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 2020

### 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 individuals that report directly to him, including the Chief Administrative Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Risk Officer, Chief Strategy & Corporate Development Officer, and Group Heads for RBC Ventures & Corporate Development, Wealth Management Insurance and Investor & Treasury Services, Capital Markets, Technology & Operations, and Personal & Commercial Banking. 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 <sup>(1)</sup>

(CAD million)	2020 <sup>(2)</sup>	2019
Salaries and other short-term employee benefits <sup>(3)</sup>	21	26
Post-employment benefits <sup>(4)</sup>	2	2
Share based payments	32	44
	55	72

(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

	2020 <sup>(1)</sup>		2019	
	No. of	Value	No. of	Value
	units held	CAD million	units held	CAD million
Stock options <sup>(2)</sup>	1,912,482	15	2,372,714	51
Other non-option stock based awards <sup>(2)</sup>	869,756	81	1,481,096	157
RBC common shares and preferred shares	206,652	19	463,362	49
	2,988,890	115	4,317,172	257

(1) 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.

(2) 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 2020

### 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 2020 total loans to KMP, RBC Directors and their close family members were \$6 million (31 October 2019 - \$8 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 2020. 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)	2020	2019
<b>Balances with related parties</b>		
<b>Cash and cash equivalents with related parties</b>		
RBC Affiliates – Cash and cash equivalents	82,859	55,544
<b>Amounts due from related parties</b>		
RBC Affiliates – Accrued interest income	-	1

#### Transactions with related parties

(Thousands of British Pounds)	2020	2019
<b>Income</b>		
RBC Affiliates – Dividend income	27,000	20,000
RBC Affiliates – Interest income	388	367
	27,388	20,367

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

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2020

#### 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 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)	2020	2019
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	82,859	55,544
Amounts due from related parties	2	1
	82,861	55,545
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	15	7
	15	7

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 2020

### 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
<b>31 October 2020</b>				
Cash and cash equivalents	82,859	-	-	82,859
Amounts due from related parties	2	-	-	2
	82,861	-	-	82,861
<b>31 October 2019</b>				
Cash and cash equivalents	55,544	-	-	55,544
Amounts due from related parties	1	-	-	1
	55,545	-	-	55,545

#### 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 2020 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 2020

### 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
<b>31 October 2020</b>				
Trade and other payables	15	-	-	15
	15	-	-	15
<b>31 October 2019</b>				
Trade and other payables	7	-	-	7
	7	-	-	7

#### 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

No subsequent events.