



Consolidated Financial Highlights 2012

31 October 2012 (expressed in thousands of Antillean Guilders)

Board of managing directors' report

We are pleased to report the results for RBC Royal Bank N.V. ("the Bank") for the year ended 31 October 2012.

Slow growth in the global economy in 2012 contributed to lingering economic challenges in Aruba, Curaçao, St. Maarten and the BES islands (Bonaire, St. Eustatius and Saba). While there was some evidence of recovery in 2011, the economies under review continued to struggle in 2012, as a result of poor performance in the key sectors. Weak domestic demand, driven in part by sluggish foreign direct investment, also kept the pace of growth down. This led to increased fiscal pressures and further deterioration of external accounts.

The Bank's performance was consistent with the overall economic climate and the Bank's continued focus on portfolio quality. Total assets decreased by ANG 398 million at the close of the period ending 31 October 2012, compared to the prior year. This decrease was mainly due to a decline in Loans and Advances to customers by ANG 266.7 million to ANG 1,760 million, and Cash and Balances due from banks by ANG 155.6 million to ANG 1,133 million. Total Liabilities decreased mainly as a result of a decline in customers' deposits by ANG 238 million to ANG 2,913 million.

The profit for the year decreased by ANG 5 million (20%) to ANG 20 million compared to the previous year. This was a result of increased operating expenses, even as operating income grew and taxation charges declined.

What will 2013 bring for the Dutch Caribbean islands?

Aruba

The Central Bank's Forecast Monitor for January 2013 shows that the economy is expected to deflate by 2% (year-on-year) this year. As such, real growth is projected to reach 5.1% based on nominal growth of 2.4%. Such growth, however, is likely to be impacted by the termination of the majority of Valero employees in November 2012, as well as by the conversion of the Valero operations to a bunkering and transshipment facility. Valero was the largest private sector employer on the island, and the refinery directly contributed an estimated 33% of GDP.

Following the September 2012 spike in Net Foreign Assets on a USD253 million bond issue, a downward trend has resumed, according to the Central Bank's Monthly Bulletin for October 2012. We estimate that this drop in Net Foreign Assets drove down import cover from about five months in September, to 4.6 months in October 2012. Net foreign assets held at the Central Bank continued to decline, falling to Afl1,230.4 million in November 2012, reducing import cover slightly from an estimated 4.6 months to 4.5 months. Deflation of 3.5% was recorded in November 2012, year-on-year.

A. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The notes are an extract of the detailed notes prepared in our statutory financial statements. The notes detailed below coincide in all material aspects with those from which they have been derived. Throughout this report, the word Group refers to RBC Royal Bank N.V. and its consolidated subsidiaries.

Basis of preparation

The consolidated financial statements are prepared in Antillean Guilders (ANG) and in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention modified to include the revaluation of available-for-sale investment securities and of freehold land and buildings and other trading liabilities.

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Principles of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of RBC Royal Bank N.V. (the parent company) and its wholly owned subsidiaries RBC Royal Bank (Aruba) N.V., ABC International N.V., RBC Royal Bank International N.V., Mc Laughlin International Trust & Management Company N.V., Trade Center St. Maarten N.V., Boxscore Enterprises N.V., Omotin Real Estate Holdings N.V., Royal Services (Curaçao) N.V., Royal Services International (Curaçao) N.V., Aruba Trustkantoor N.V. and Banco Nacional de Hipotecas N.V. (the Group) after the elimination of intercompany transactions and balances. Subsidiary companies are defined as companies controlled by the Group in which it has an interest of more than 50% of the voting rights and is able to exercise control over the operations.

Investment securities

Investment securities are classified into the following categories: held-to-maturity and available-for-sale. Management determines the appropriate classification of its investment at the time of purchase.

Curaçao and St. Maarten

The Curaçao economy is expected to contract by 1.6% this year, and the economy of St. Maarten is also expected to contract, largely as a result of overall economic uncertainty and inactivity, as well as the stringent measures necessary for both countries to bring their budgets into balance, including compensating for prior years' deficits.

On both islands, inflation fell under 3% year-on-year in August 2012, after having peaked in May-June at 4.4% in Curaçao and 6.3% in February in Sint Maarten. This disinflationary trend is consistent with the monetary tightening implemented in early 2012 to curb foreign exchange outflows. This stance is likely to persist through 2013, possibly leading to further overall economic contraction this year. The Central Bank's foreign reserves fell to NAf1,311 million in November 2012, which we estimate at 2.13 months of import cover, down from 2.31 months in October 2012. The Central Bank's Weekly International Reserves statement for February 7th 2013 projects Net Official Reserves of NAf1,427.9 million in December 2012, up from a previous projection of NAf1,334.2 million.

Reserves are projected to decline to NAf1,416.3 in February 2013, with estimated import cover to just over two months for the period. A recent presentation by the Central Bank shows that despite the credit freeze imposed in early 2012, credit to the private sector grew by 8.6% year-on-year to November 2012 in Curaçao, versus 8.9% in 2011.

RBC Initiatives

In 2012, the Bank moved one step closer to becoming "one RBC" across the Caribbean with the completion of our phased implementation of RBC as our new brand across the Dutch Caribbean, formally changing our consolidated operations in Aruba, Curaçao, St. Maarten, Bonaire and Saba from RBTT Bank N.V. to RBC Royal Bank N.V.

Across our business, we continue to place strategic focus on investment for growth in our people, our processes, and technology to enable global standards of performance in the Caribbean. In this regard, we have migrated to a new technology platform for our banking operations in Aruba and Suriname and will soon convert our operations in Curaçao, Bonaire, St. Maarten and Saba. We continue to invest in our organisation for sustained profitability in the markets where we operate.

Being a part of RBC, Canada's largest bank by assets and market capitalisation, and the world's 11th largest bank, positions us to use our global reach, resources and practices to bring world-class banking services to our clients.

In 2013, we will continue to strengthen our client engagement strategies focusing on opportunities to attract, retain and grow a strong and loyal client base, including enhancing and introducing new products and services, while implementing initiatives to improve our overall efficiency and operations.

Securities held-to-maturity

Held-to-maturity investments are investment securities with fixed maturity where management has the positive intention and the ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method, less any provision for impairment.

Securities available-for-sale

Available-for-sale investments are those securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale securities are initially recognised at cost (which includes transaction costs) and are subsequently remeasured at fair value based on quoted market prices where available or discounted cash flow models.

Fair values for unquoted equity instruments or unlisted securities are estimated using applicable price per earnings or price per cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When the securities are disposed of, the related accumulated fair value adjustments are included in net investment trading income. When securities become impaired, the related accumulated fair value adjustments previously recognised in equity are included in the income statement as impairment expense on investment securities.

A financial asset reported as investment securities is impaired if its carrying amount is greater than its estimated recoverable amount and there is objective evidence of impairment. The recoverable amount of an investment security instrument measured at fair value is the present value of expected future cash flows discounted at the current market rate of interest for a similar financial asset. For an investment security instrument measured at amortised cost the recoverable amount is the present value of expected future cash flows discounted at the instrument's original effective interest rate.

All purchases and sales of investment securities are recognised at settlement date.

Loans and advances to customers

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan, and subsequently measured at amortised cost, which is principal outstanding net of any unearned interest and of an

Corporate Responsibility

RBC Royal Bank N.V. has made great strides in creating awareness about Children's Cancer throughout the Dutch Caribbean. The annual "Walk/Move for Life" fundraising Walks and Zumba events in Curaçao and Aruba respectively have become successful activities for raising funds for both the local Children's Cancer Foundations as well as the RBC/RBTT Caribbean Children's Cancer Fund. Under the RBC Blue Water Project™ umbrella RBC has initiated sustainable relationships with local environmental organizations in Sint Maarten, Bonaire, Curaçao and Aruba by collaboratively working towards awareness about water issues and projects geared towards reducing the environmental footprint. These initiatives have increased interest and motivation of RBC staff to volunteer in various projects related to the preservation of the environment. Contributions to the development of culture and arts have remained a significant focal point for RBC with, among others, the sponsorship of the educational arts programme "Art Rules Aruba", which is a unique initiative in the Aruban arts and culture scene with great potential to extend its range into the larger Caribbean. The RBC contribution to Little League Baseball continued with the popular tournament being followed by thousands of youngsters. Little League Baseball had another successful year with teams winning Caribbean, Latin American Championships and becoming Sub Champions World Series in both the Curaçao and Aruba jurisdictions.

In closing, we want to thank all of our clients for their continued confidence in us over the year. We also thank our employees who continue to be the driving force behind our achievements. Their commitment to putting our clients first, whilst upholding our corporate values, enables us to achieve sustainable long-term growth and success.

28 February 2013

M.A. Robert de Silva
RBC Royal Bank N.V.
Managing Director

Wayne R. Kowlessar
RBC Royal Bank (Aruba) N.V.
Managing Director

Pierrot E. Hurtado
RBC Royal Bank N.V.
Managing Director

Pierre Rafini
RBC Royal Bank (Aruba) N.V.
Managing Director

allowance for impairment losses. These are financial assets with fixed or determinable payments that are not quoted in an active market.

A loan is classified as impaired when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of the Group such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Deterioration of credit ratings assigned to the borrower
- Bankruptcy or reorganisation by the borrower

Management uses estimates based on historical loss experience and objective evidence of impairment when estimating its future cash flows of the loan or group of loans. The methodology and assumptions used for estimating both the amount and timing of cash flows are reviewed regularly to minimise differences between actual loss experience and loss estimates.

Management first assesses whether objective evidence of impairment exists individually for loans that are individually significant. Individually insignificant loans are included in a group of loans with similar credit risk characteristics and collectively assessed for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at

the original effective interest rate of loans. The allowance also covers probable losses within the portfolio that have not been specifically identified as impaired.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking risks' reserve as an appropriation of retained earnings.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the income statement. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

Consolidated statement of financial position

	31 October 2012 ANG	31 October 2011 ANG
Assets		
Cash and due from banks	1,133,021	1,288,625
Investment securities	387,887	389,108
Loans and advances to customers	1,760,271	2,027,016
Bank premises and equipment	56,478	54,819
Goodwill and other intangible assets	60,063	60,063
Customers' liability under acceptances	34,261	36,654
Deferred tax assets	6,122	6,701
Other assets	71,239	44,833
Total assets	3,509,342	3,907,819
Liabilities and shareholders' equity		
Liabilities		
Customers' deposits	2,913,306	3,151,695
Due to other banks	58,169	197,081
Acceptances outstanding	34,261	36,654
Profit tax payable	4,604	8,970
Deferred tax liabilities	27,229	32,226
Other liabilities	98,724	107,834
Total liabilities	3,136,293	3,534,460
Shareholders' equity		
Issued capital	114,455	114,455
Share premium	87,053	87,053
General reserve	36,075	42,675
Other reserve	11,318	7,415
Retained earnings	124,148	121,761
Total shareholders' equity	373,049	373,359
Total liabilities and shareholders' equity	3,509,342	3,907,819

Consolidated statement of comprehensive income

	Year ended 2012 ANG	Year ended 2011 ANG
Interest income	181,322	187,527
Interest expense	31,597	45,162
Net interest income	149,725	142,365
Fee and commission income	45,706	51,031
Net fee and commission income	45,706	51,031
Gains less losses from investment securities	--	523
Other operating income	13,406	13,493
Operating income	208,837	207,412
Salaries and other employee expenses	82,073	75,031
Occupancy expenses	13,113	12,630
Net impairment on loans and advances	34,241	36,120
Other operating expenses	58,859	55,230
Operating expenses	188,286	179,011
Net result from operations	20,551	28,401
Income from associates	523	276
Income before taxation	21,074	28,677
Taxation	915	3,502
Net income after taxation	20,159	25,175
Net value (losses)/gain on available-for-sale financial assets	3,903	(668)
Total comprehensive income for the period, net of tax	24,062	24,507

B. Specification of accounts

	31 October 2012 ANG	31 October 2011 ANG
Investment securities		
Available for sale	361,044	359,445
Held to maturity	25,078	26,314
Total investments	386,122	385,759
Accrued interest receivable	1,765	3,349
Net investments	387,887	389,108
Loans and advances to customers		
Retail customers	1,015,448	1,142,673
Corporate customers	794,247	956,020
Public sector	3,912	1,442
Total loans and advances	1,813,607	2,100,135
Accrued interest receivable	3,728	4,000
	1,817,335	2,104,135
Less allowance for loan losses	(57,064)	(77,119)
Net loans and advances	1,760,271	2,027,016
Customers' deposits		
Retail customers	1,296,819	1,338,073
Corporate customers	1,524,408	1,710,987
Other	60,223	69,930
	2,881,450	3,118,990
Accrued interest	31,856	32,705
Total customers' deposits	2,913,306	3,151,695

Report of the independent auditor on the consolidated financial highlights

To the Shareholder, Board of Supervisory Directors, and Managing Directors of RBC Royal Bank N.V. and its subsidiaries, Curaçao

The accompanying consolidated financial highlights, which comprise the consolidated balance sheet as at 31 October 2012, the consolidated statement of comprehensive income for the year then ended, and related notes, are derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended 31 October 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 6 February 2013.

The consolidated financial highlights do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of RBC Royal Bank N.V.

Management's Responsibility for the Consolidated Financial Highlights

Management is responsible for the preparation of consolidated financial highlights of the audited financial statements in accordance with the Provisions for Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial highlights based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the consolidated financial highlights derived from the audited consolidated financial statements of RBC Royal Bank N.V. for the year ended 31 October 2012 are consistent, in all material respects, with those financial statements, in accordance with Provisions for Disclosure of Consolidated Financial Highlights of Domestic Banking Institutions, as set by the Central Bank of Curaçao and Sint Maarten.

Curaçao, 28 February 2013
Deloitte Dutch Caribbean