WISE

Financial Statements 2025

RBC

WISE

Financial Statements 2025

West Indies Stockbrokers Limited

Financial Statements
October 31, 2025

Contents

West Indies Stockbrokers Limited

Statement of management's responsibilities

The Financial Institutions Act, 2008 (The Act), requires that management acknowledges responsibility for the following:

- Preparing and fairly presenting the accompanying financial statements of West Indies Stockbrokers Limited (the Company) which comprise the statement of financial position as at October 31, 2025 and the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and material accounting policies, estimates and judgements and other explanatory information;

- Ensuring that the Company keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the IFRS® Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS® Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Director, West Indies Stockbrokers Limited	Director, Financial Control – Trinidad and Tobago
January 20, 2026	January 20, 2026

Independent auditor's report

To the shareholder of West Indies Stockbrokers Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of West Indies Stockbrokers Limited (the Company) as at 31 October 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 October 2025;
- the statement of income and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's 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 are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Port of Spain
Trinidad and Tobago, West Indies
21 January 2026

West Indies Stockbrokers Limited

Statement of Financial Position

Expressed in Trinidad and Tobago dollars

	Notes	October 31, 2025 ($'000)	October 31, 2024 ($'000)
Assets			
Cash and cash equivalents	3	22,699	21,057
Securities	4	42,684	43,242
Intangible assets	5	2	2
Equipment	6	46	54
Corporation tax recoverable		68	63
Deferred tax assets	7	652	510
Other assets	8	329	301
Total assets		66,480	65,229
Liabilities			
Due to affiliated companies	9	66	67
Post-retirement benefit obligations	10	1,401	1,308
Current income tax liabilities		1,053	538
Deferred tax liabilities	7	2,527	2,534
Other liabilities	11	15,505	10,205
Total liabilities		20,552	14,652
Equity			
Stated capital	12	8,000	8,000
Other components of equity	13	6,215	6,214
Retained earnings		31,713	36,363
Total equity		45,928	50,577
Total equity and liabilities		66,480	65,229

The notes on pages 9 to 62 form an integral part of these Financial Statements.

On January 20, 2026, the Board of Directors of West Indies Stockbrokers Limited authorised these Financial Statements for issue.

Director

Director

West Indies Stockbrokers Limited

Statement of Income and Other Comprehensive Income

Expressed in Trinidad and Tobago dollars

	Notes	Year ended October 31, 2025 ($'000)	2024 ($'000)
Interest income	14	3,380	3,195
Non-interest income	15	12,178	11,770
Total revenue		15,558	14,965
Non-interest expenses	16	(8,021)	(7,945)
Total non-interest expenses		(8,021)	(7,945)
Net income before taxation		7,537	7,020
Taxation expense	18	(2,222)	(1,960)
Net income		5,315	5,060
Other comprehensive income, net of taxes:			
Items that may be reclassified subsequently to profit or loss:			
Net unrealised (losses)/gains on securities at fair value through other comprehensive income	13.1	(34)	68
Tax impact	13.1	10	(21)
		(24)	47
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of post-retirement benefit obligations		50	3
Tax impact		(15)	-
Net unrealised gains on equity securities at fair value through other comprehensive income	13.1	36	817
Tax impact	13.1	(11)	(245)
		60	575
Other comprehensive income for the year		36	622
Total comprehensive income for the year		5,351	5,682

The notes on pages 9 to 62 form an integral part of these Financial Statements.

West Indies Stockbrokers Limited

Statement of Changes in Equity

Expressed in Trinidad and Tobago dollars

	Notes	Stated capital ($'000)	Other components of equity ($'000)	Retained earnings ($'000)	Total equity ($'000)
Year ended October 31, 2025					
As of October 31, 2024		8,000	6,214	36,363	50,577
Net income		-	-	5,315	5,315
Other comprehensive income		-	1	35	36
Total comprehensive income		-	1	5,350	5,351
Dividends	19	-	-	(10,000)	(10,000)
As of October 31, 2025		8,000	6,215	31,713	45,928
Year ended October 31, 2024					
As of October 31, 2023		8,000	5,595	31,300	44,895
Net income		-	-	5,060	5,060
Other comprehensive income		-	619	3	622
Total comprehensive income		-	619	5,063	5,682
Dividends	19	-	-	-	-
As of October 31, 2024		8,000	6,214	36,363	50,577

The notes on pages 9 to 62 form an integral part of these Financial Statements.

West Indies Stockbrokers Limited

Statement of Cash Flows

Expressed in Trinidad and Tobago dollars

	Year ended October 31, 2025 ($'000)	2024 ($'000)
Net income	7,537	7,020
Adjustments for:		
Post-retirement benefit obligation	143	(267)
Depreciation and amortisation	13	26
Accretion on securities	(1,540)	(1,642)
Operating income before changes in operating assets and liabilities	6,153	5,137
(Increase)/decrease in operating assets:		
Other assets	(28)	10,905
Increase/(decrease) in operating liabilities:		
Due to affiliated companies	(1)	67
Other liabilities	5,298	(8,791)
Corporation taxes paid, net of refunds	(1,875)	(2,268)
Cash generated from operating activities	9,547	5,050
Investing activities		
Purchase of securities	(78,955)	(62,868)
Proceeds from sale and redemption of securities	81,055	60,664
Additions to equipment and intangible assets	(5)	(9)
Cash generated from/(used in) investing activities	2,095	(2,213)
Financing activities		
Dividends paid	(10,000)	-
Cash used in financing activities	(10,000)	-
Net increase in cash and cash equivalents	1,642	2,837
Cash and cash equivalents at beginning of year	21,057	18,220
Cash and cash equivalents at end of year	22,699	21,057

The notes on pages 9 to 62 form an integral part of these Financial Statements.

1 Incorporation and business activities of the Company

West Indies Stockbrokers Limited (the "Company") is incorporated in Trinidad and Tobago. It is a wholly owned subsidiary of RBC Financial (Caribbean) Limited which is also incorporated in Trinidad and Tobago. The ultimate parent company is the Royal Bank of Canada (RBC), which is incorporated and domiciled in Canada. The Royal Bank of Canada's common shares are listed on the Toronto Stock Exchange and New York Stock Exchange with the ticker symbol RY.

West Indies Stockbrokers Limited carries on the business of stockbrokers, investment dealers and agents. The address of the Company's registered office is 7-9 St. Clair Avenue, St. Clair, Port-of-Spain, Trinidad.

2 Summary of material accounting policies, estimates and judgements

The material accounting policies used in the preparation of these Financial Statements are summarised below.

These financial statements, in all material respects, have been prepared in accordance with IFRS® Accounting standards which comprise the following authoritative literature:

- IFRS® Accounting Standards,
- IAS® Standards; and
- Interpretations developed by the IFRS® Interpretations Committee (IFRIC® interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

These IFRS® Accounting Standards have also been adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Except where otherwise noted, the same accounting policies have been applied to all periods presented.

Basis of preparation

Statement of compliance

The Financial Statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of equipment – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- post-retirement benefit obligation measured at fair value.

Basis of measurement

The Financial Statements are prepared in Trinidad and Tobago dollars.

Use of estimates and assumptions

In preparing our 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 that are believed to be reasonable. Key sources of estimation uncertainty include determination of fair value of financial instruments, allowance for credit losses, insurance claims and policy benefit liabilities,

2 Summary of material accounting policies, estimates and judgements

Use of estimates and assumptions (continued)

pensions and other post-employment benefits, income taxes, other intangible assets, and provisions. Accordingly, actual results may differ from these and other estimates thereby impacting our future Financial Statements. Refer to the relevant accounting policies in this Note for details on our use of estimates and assumptions.

Significant judgments

Significant judgements have been made in the following areas and discussed as noted in the Financial Statements:

• Commission and fees	Note 2, Note 14, Note 15
• Fair value of financial instruments	Note 2, Note 23
• Allowance for credit losses	Note 2
• Employee benefits	Note 2, Note 10
• Share-based compensation	Note 2, Note 17
• Derecognition of financial assets	Note 2
• Income taxes	Note 2, Note 18

<u>Future changes in accounting policy and disclosure</u>

Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* which amends IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* (the Amendments). The Amendments clarify the recognition and derecognition of financial instruments and introduce an accounting policy option for financial liabilities settled through electronic payment systems. The Amendments also clarify classification guidance for financial assets with contingent features not directly related to changes in basic lending risks and introduce additional related disclosure requirements for financial instruments with such contingent features. The Amendments will be effective for us on November 1, 2026 and will be applied retrospectively with no restatement of comparative periods required. To manage the implementation of the Amendments, we established a program to assess the impact on systems, processes and financial reporting. We continue to assess the impact of adopting the Amendments on our Financial Statements.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace *IAS 1 Presentation of Financial Statements* and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the Statement of Income, disclosure of management-defined performance measures and requirements for aggregation and disaggregation of information. This standard will be effective for us on November 1, 2027 and will be applied retrospectively. To manage the transition to IFRS 18, we established a program to assess the impact on systems, processes and financial reporting required for adoption. We continue to assess the impact of adopting this standard on our Financial Statements.

2 Summary of material accounting policies, estimates and judgements (continued)

<u>Other material accounting policies</u>

The following accounting policies are applicable to all periods presented:

Classification of financial assets

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the instrument.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (b) the contractual terms of the instruments give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL. Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and the Company makes an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis.

Business model assessment

The Company determines the business models at the level that best reflects how the Company manages portfolios of financial assets to achieve business objectives. Judgement is used in determining the business models, which is supported by relevant, objective evidence including:

- The significant risks affecting the performance of the businesses, for example, market risk, credit risk, or other risks as described in the Risk Management Note 22, and the activities taken to manage those risks;
- Historical and future expectations of sales of the securities managed as part of a business model; and
- The compensation structures for managers of the businesses within the Company, to the extent that these are directly linked to the economic performance of the business model.

The Company's business models fall into three categories, which are indicative of the key categories used to generate returns:

- HTC: the objective of this business model is to hold securities to collect contractual principal and interest cash flows; sales are incidental to this objective and are expected to be insignificant or infrequent;
- HTC&S: both collecting contractual cash flows and sales are integral to achieving the objective of the business model;

  Other fair value business models: these business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

2 Summary of material accounting policies, estimates and judgements (continued)

__Other material accounting policies (continued)__

Classification of financial assets (continued)

SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected for basic lending arrangements. Principal amounts include the fair value of the financial asset at initial recognition from lending and financing arrangements, and interest primarily relates to basic lending return, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Securities

Trading securities include all securities that are classified at FVTPL, by nature and securities designated at FVTPL. Obligations to deliver trading securities sold but not yet purchased are recorded as liabilities and carried at fair value. Realised and unrealised gains and losses on these securities are generally recorded as trading revenue in non-interest income. Dividends and interest income accruing on trading securities are recorded in interest income. Investment securities include all securities classified as FVOCI and amortised cost.

Investment securities carried at amortised cost are measured using the effective interest rate method, and are presented net of any allowance for credit losses, calculated in accordance with the Company's policy for allowance for credit losses, as described below. Interest income, including the amortisation of premiums and discounts on securities measured at amortised cost are recorded in net interest income. Impairment gains or losses recognised on amortised cost securities are recorded in provision for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of sale is recorded as a net gain (loss) on investment securities in non-interest income.

Debt securities carried at FVOCI are measured at fair value with unrealised gains and losses arising from changes in fair values included in other components of equity. Impairment gains and losses are included in provision for credit losses and correspondingly reduce the accumulated change in fair value included in other components in equity. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from other components of equity to net gain (loss) on investment securities in non-interest income.

Equity securities carried at FVOCI are measured at fair value. Unrealised gains and losses arising from changes in fair value are recorded in other components of equity and not subsequently reclassified to profit or loss when realised. Dividends from FVOCI securities are recognised in interest income.

The Company accounts for all securities using settlement date accounting and changes in fair value between trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in fair value of securities measured at FVOCI between trade date and settlement date are recorded in OCI, except for changes in foreign exchange rates on debt securities, which are recorded in non-interest income.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing related gains and losses on a different basis (an "accounting mismatch").

The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category subsequently. Financial assets designated as FVTPL are initially recorded at fair value and any unrealised gains or losses arising due to changes in fair value are included in non-interest income.

Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include securities, interest-bearing deposits with banks and accounts receivable. ACL on financial assets is disclosed in the notes to the financial statements. Provision for credit losses (PCL) on debt securities measured at FVOCI is booked to the Statement of Other Comprehensive Income and the ACL on debt securities measured at FVOCI is presented in other components of equity on the Statement of Financial Position. Financial assets carried at amortised cost are presented net of ACL on the Statement of Financial Position. Provision for credit losses (PCL) on amortised cost instruments are recognised directly in the Statement of Income.

We measure the ACL at each Statement of Financial Position date according to a three-stage expected credit loss impairment model:

- Performing financial assets
  - Stage 1 – From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the 12 months or shorter if remaining term is less than 12 months following the reporting date.
  - Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.
- Impaired financial assets
  - Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognised equal to credit losses expected over the remaining lifetime of the asset.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)
The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in provision for credit losses. Write-off and recoveries are recorded against allowance for credit losses. The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the Statement of Financial Position date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward-looking information. The underlying assumptions and estimates may result in changes to the allowances from period to period that significantly affects the results of operations.

Measurement of expected credit losses
Expected credit losses are based on a range of possible outcomes and consider available reasonable and supportable information including historical credit loss experience and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD) discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses for performing financial assets is the respective calculation horizon. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

Expected credit losses continue to be discounted to the reporting period date using the effective interest rate.

Expected life
For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes an undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption are credit cards balances. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Use of forward-looking information
The PD and LGD inputs used to estimate the Stage 1 and Stage 2 credit loss allowances under the IFRS 9 model are modelled based on macroeconomic scenarios. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables used in our models for a five year period.

Scenario design
Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers five distinct future macroeconomic scenarios. Scenarios and scenario weights are set at the Enterprise level; considering the RBC baseline forecast and reasonable downside and upside assumptions. Scenarios are global in nature and include predictions of macroeconomic conditions in North America, Europe and the Caribbean. Having scenarios and scenario weights set at the enterprise level allows RBC to have a consistent view of macroeconomic scenarios across business lines and legal entities.

Scenarios are designed to capture a wide range of possible outcomes and weighted on the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. The same scenarios and probability weighing are applied to each portfolio subject to the portfolio's expected credit losses.

Definition of default
The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for our internal credit risk management purposes. Our definition of default may differ across products and consider both quantitative and qualitative factors, such as the terms of financial covenants and days past due. For retail and wholesale borrowers, except as detailed below, default occurs when the borrower is 90 days or more past due on any material obligation to us, and/or we consider the borrower unlikely to make their payments in full without recourse action on our part, such as taking formal possession of any collateral held. For certain credit card balances, default occurs when payments are 180 days past due. For these balances, the use of a period in excess of 90 days past due is reasonable and supported by the performance experienced on historical credit card portfolios.

The definition of default used is applied consistently from period to period and to all financial instruments unless it can be demonstrated that circumstances have changed such that another definition of default is more appropriate.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Allowance for credit losses (continued)

Credit-impaired financial assets (Stage 3)
Financial assets are assessed for credit-impairment at each Statement of Financial Position date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganisation, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, which could occur during the same reporting period as the migration from Stage 3 to Stage 2.

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, the accrual is calculated by applying the effective interest rate to the carrying amount, which is recorded on the Statement of Financial Position. The discount resulting from the impact of time delays in collecting principal (time value of money) is established and recorded through provision for credit losses.

ACL for credit-impaired financial assets in Stage 3 are established at the financial asset level, where losses related to impaired financial asset are identified on individually significant financial asset, or collectively assessed and determined through the use of portfolio-based rates, without reference to particular financial assets.

Determination of fair value
The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches.

We have established policies, procedures and controls for valuation methodologies and techniques to ensure fair value is reasonably estimated. Major valuation processes and controls include, but are not limited to, profit and loss decomposition, independent price verification (IPV) and model validation standards. These control processes are managed by either Finance or Group Risk Management and are independent of the relevant businesses and their trading functions. Profit and loss decomposition is a process to explain the fair value changes of certain positions and is performed for trading portfolios. All fair value instruments are subject to IPV, a process whereby trading function valuations are verified against external market prices and other relevant market data. Market data sources include traded prices, brokers and price vendors. We give priority to those third-party pricing services and prices having

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Determination of fair value (continued)
the highest and most consistent accuracy. The level of accuracy is determined over time by comparing third-party price values to traders' or system values, to other pricing service values and, when available, to actual trade data. Other valuation techniques are used when a price or quote is not available. Some valuation processes use models to determine fair value. We have a systematic and consistent approach to control model use. Valuation models are approved for use within our model risk management framework. The framework addresses, among other things, model development standards, validation processes and procedures, and approval authorities. Model validation ensures that a model is suitable for its intended use and sets parameters for its use. All models are revalidated regularly.

Valuation adjustments are recorded for the credit risk of our derivative portfolios in order to arrive at their fair values. Credit valuation adjustments (CVA) take into account our counterparties' creditworthiness, the current and potential future mark-to-market of the transactions, and the effects of credit mitigants such as master netting and collateral agreements. CVA amounts are derived from estimates of exposure at default, probability of default, recovery rates on a counterparty basis, and market and credit factor correlations. Exposure at default is the amount of expected derivative related assets and liabilities at the time of default, estimated through modeling using underlying risk factors. Probability of default and recovery rate are generally implied from the market prices for credit protection and credit ratings of the counterparty or derived from internal estimates when market data is unavailable. Correlation is the statistical measure of how credit and market factors may move in relation to one another. Correlation is estimated using historical data and market data where available. CVA is calculated and changes are recorded in non-interest income.

In determining fair value, a hierarchy is used which prioritises the inputs to valuation techniques. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Determination of fair value based on this hierarchy requires the use of observable market data whenever available. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model inputs that are either observable, or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs are inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date. The availability of inputs for valuation may affect the selection of valuation techniques. The classification of a financial instrument in the hierarchy for disclosure purposes is based upon the lowest level of input that is significant to the measurement of fair value. Where observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data, proxy information from similar transactions, and through extrapolation and interpolation techniques. For more complex or illiquid instruments, significant judgement is required in the determination of the model used, the selection of model inputs, and in some cases, the application of valuation adjustments to the model value or quoted price for inactively

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Determination of fair value (continued)

traded financial instruments, as the selection of model inputs may be subjective and the inputs may be unobservable. Unobservable inputs are inherently uncertain as there is little or no market data available from which to determine the level at which the transaction would occur under normal business circumstances. Appropriate parameter uncertainty and market-risk valuation adjustments for such inputs and other model-risk valuation adjustments are assessed in all such instances.

Interest

Interest is recognised in Interest income and Interest expense in the Statement of Income for all interest bearing financial instruments using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset or liability to the net carrying amount upon initial recognition. Judgement is applied in determining the effective interest rate due to uncertainty in the timing and amounts of future cash flows.

Commission and fees

Revenue is recognised when control of a service transfers to a customer. Service contracts are assessed by taking the following factors into consideration sequentially, which individually will vary based on the facts and circumstances present in a contract with a customer and will require the exercise of management judgement:

1. Identified all contracts with customers;
2. Identified the separate performance obligations under a contract;
3. Determined the transaction price of the contract;
4. Allocated the transaction price to each of the separate performance obligations; and
5. Recognised the revenue as each performance obligation is satisfied.

The Company adopts the portfolio approach, as an operational expedient, where contracts are assessed as a portfolio as opposed to individually assessed when the characteristics of each contract is similar. The Company reviews the services provided as part of the contract, the contract duration, the terms and conditions for the contract, the amount, form and timing of consideration and the timing of the transfer of the service. Due to the high volume of the Company's contracts that are identical or have similar contractual terms (for example standardised banking agreements with retail customers), the expedient is applied to many of the Company's current revenue streams.

In addition, the Company does not adjust for the effects of a significant financing component for contracts with a 12 months or less expected time difference between when we transfer the service to the customer and the receipt of the contract consideration.

The Company expenses incremental costs to obtain a contract if the expected amortisation period of the asset the Company otherwise would have recognised is 12 months or less. Anticipated contract renewals and amendments with the same customer are considered when determining whether the period of benefit, and therefore the period of amortisation, is 12 months or less. Income which falls under the scope of

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Commission and fees (continued)

revenue recognition is not netted off against related expense. The Company does not incur material costs to obtain contracts with customers such as sales commissions.

Commission and fees primarily relate to transactions service fees and commissions and are recognised based on the applicable service contracts with customers.

Transaction service fees and commissions include commissions related to securities brokerage services and fees derived from assets under administration (AUA). Commissions related to securities brokerage services relate to the provision of specific transaction type services and are recognised when the service is fulfilled. Where services are provided over time, revenue is recognised as the services are provided. Investment management and custodial fees are generally derived from assets under management (AUM) when our clients solicit the investment capabilities of an investment manager or from AUA where the investment strategy is directed by the client or a designated third party manager. Custodial fees are recognised over time when the service is provided.

When service fees and other costs are incurred in relation to commissions and fees earned, we record these costs on a gross basis in either 'other operating expenses or staff costs' based on our assessment of whether we have primary responsibility to fulfill the contract with the customer and have discretion in establishing the price for the commissions and fees earned, which may require judgment.

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as at FVTPL. For other financial instruments, transaction costs are capitalised on initial recognition. For financial assets and financial liabilities measured at amortised cost, capitalised transaction costs are amortised through net interest income over the estimated life of the instrument using the effective interest method.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset on the Statement of Financial Position when there exists both a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Such investments are normally those with original maturities up to three months from the date of acquisition.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Derecognition of financial assets
Financial assets are derecognised from our Statement of Financial Position when our contractual rights to the cash flows from the assets have expired, when we retain the rights to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party subject to certain pass-through requirements or when we transfer our contractual rights to receive the cash flows and substantially all of the risk and rewards of the assets have been transferred. When we retain substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised from our Statement of Financial Position and are accounted for as secured financing transactions. When we neither retain nor transfer substantially all risks and rewards of ownership of the assets, we derecognise the assets if control over the assets is relinquished. If we retain control over the transferred assets, we continue to recognise the transferred assets to the extent of our continuing involvement.

We derecognise transferred financial assets if we transfer substantially all the risk and rewards of the ownership in the assets. When assessing whether we have transferred substantially all of the risk and rewards of the transferred assets, management considers the entity exposure before and after the transfer with the variability in the amount and timing of the net cash flows of the transferred assets. In transfers that we retain the servicing rights, management has applied judgement in assessing the benefits of servicing against market expectations. When the benefits of servicing are greater than fair market value, a servicing asset is recognised in Other assets in our Statement of Financial Position. When the benefits of servicing are less than fair market value, a servicing liability is recognised in Other liabilities in our Statement of Financial Position.

Derecognition of financial liabilities
We derecognise a financial liability from our Statement of Financial Position when our obligation specified in the contract expires, or is discharged or cancelled. We recognise the difference between the carrying amount of a financial liability transferred and the consideration paid in our Statement of Income and Other Comprehensive Income.

Employee benefits – Pensions and other post-employment benefits
Our defined benefit pension expense, which is included in Non-interest expense, consists of the cost of employee pension benefits for the current years' service, net interest on the net defined benefit liability (asset), past service cost and gains or losses on settlement. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income in the period in which they occur. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment and is charged immediately to income.

For each defined benefit plan, we recognise the present value of our defined benefit obligations less the fair value of the plan assets, as a defined benefit liability reported on our Statement of Financial Position.

The calculation of defined benefit expenses and obligations requires significant judgement as the recognition is dependent on discount rates and various actuarial assumptions such as healthcare cost

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Employee benefits – Pensions and other post-employment benefits (continued)
trend rates, projected salary increases, retirement age, and mortality and termination rates. Due to the long-term nature of these plans, such estimates and assumptions are subject to inherent risks and uncertainties. For our pension and other post-employment plans, the discount rate is determined by reference to market yields on high quality government bonds. Since the discount rate is based on currently available yields, and involves management's assessment of market liquidity, it is only a proxy for future yields. Actuarial assumptions, set in accordance with current practices in the respective countries of our plans, may differ from actual experience as country specific statistics is only an estimate for future employee behaviour. These assumptions are determined by management and are reviewed by actuaries at least annually. Changes to any of the above assumptions may affect the amounts of benefits obligations, expenses and remeasurements that we recognise. Our contribution to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. Defined contribution plan expense is included in Non-interest expense.

Share–based compensation
The Company offers share-based compensation plans (the "Plans") to certain key employees, by utilizing the common shares of its ultimate parent company, Royal Bank of Canada (RBC) whose shares are listed on the Toronto and New York Stock Exchanges. The plans are administered by RBC. These plans include performance deferred share plans and RBC share unit plans for its employees. The obligations for the Plans are accrued over their vesting periods. The Plans are generally settled in cash.

For cash-settled awards, the Company's accrued obligations are adjusted to their fair value at each balance sheet date. Changes in obligations, are recorded as Non-interest expense in the Statements of Income with a corresponding change in Other liabilities. Compensation expense is recognised in the year the awards are earned by plan participants based on the vesting schedule of the relevant plans, net of estimated forfeitures.

Green fund levy
Green fund levy is a tax imposed by the Government of Trinidad and Tobago on gross income of companies and partnerships doing business in Trinidad and Tobago. This levy is payable quarterly and is neither a deduction in computing chargeable income nor a credit against corporation tax due. Green fund levy is presented in non-interest expenses in the Statement of Income and Other Comprehensive Income.

Income taxes
Income tax comprises current tax and deferred tax and is recognised in our Statement of Income and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise, calculated using tax rates enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for accounting purposes compared with tax purposes. A deferred income tax asset or liability is determined for each temporary difference, except for earnings related to our subsidiaries, associates and interests in joint ventures where the temporary

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Income taxes (continued)

differences will not reverse in the foreseeable future and we have the ability to control the timing of reversal. Deferred tax assets and liabilities are determined based on the tax rates that are expected to be in effect in the period that the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Statement of Financial Position date. Current tax assets and liabilities are offset when they are levied by the same taxation authority on either the same taxable entity or different taxable entities within the same tax reporting group (which intends to settle on a net basis), and when there is a legal right to offset. Deferred tax assets and liabilities are offset when the same conditions are satisfied. The Statement of Income and Other Comprehensive Income include items that are non-taxable or non-deductible for income tax purposes and, accordingly, this causes the income tax provision to be different from what it would be if based on statutory rates.

Deferred income taxes accumulated as a result of temporary differences and tax loss carryforwards are included on the Statement of Financial Position. On a quarterly basis, we review our deferred income tax assets to determine whether it is probable that the benefits associated with these assets will be realised; this review involves evaluating both positive and negative evidence.
We are subject to income tax laws in various jurisdictions where we operate, and the complex tax laws are potentially subject to different interpretations by the relevant taxation authorities and the Company. Significant judgement is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of our tax positions to determine our tax provision, which includes our best estimate of tax positions that are under audit or appeal by relevant taxation authorities. We perform a review on a quarterly basis to incorporate our best assessment based on information available, but additional liability and income tax expense could result based on decisions made by the relevant tax authorities.

The determination of our deferred income tax asset or liability also requires significant management judgement as the recognition is dependent on our projection of future taxable profits and tax rates that are expected to be in effect in the period the asset is realised or the liability is settled. Any changes in our projection will result in changes in deferred tax assets or liabilities on our Statement of Financial Position, and also deferred tax expense in our Statements of Income and Other Comprehensive Income.

The Company complies with IFRIC 23 which provides guidance on the recognition and measurement of tax assets and liabilities under IAS 12 Income taxes when there is uncertainty over income tax treatments, replacing our application of IAS 37 Provisions, contingent liabilities and contingent assets for uncertain tax positions. The Company is subject to income tax laws in various jurisdictions where the Company operates, and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. Significant judgement is required in the interpretations of the relevant tax laws and in assessing the probability of acceptance of the Company's tax positions, which includes the Company's best estimate of tax positions that are under audit or appeal by relevant taxation authorities. The Company performs a review on a quarterly basis to incorporate management's best assessment based on information available, but additional liability and income tax expense could result based on the non acceptance of the Company's tax positions by the relevant taxation authorities.

2 Summary of material accounting policies, estimates and judgements (continued)

<u>Other material accounting policies (continued)</u>

Income taxes (continued)
The IASB issued amendments to IAS 12 Income Taxes (IAS 12) in May 2023 to address the Pillar Two Model Rules for International Tax Reform, including a global 15% minimum tax. Pillar Two income taxes may arise in or in relation to the jurisdiction where the operations of a multinational enterprise such as Royal Bank of Canada, the ultimate parent entity, have an effective tax rate below 15%. The Company has not introduced a domestic minimum tax as the effective tax rate is above 15%. Therefore, no impact would have arisen for the Company had the Pillar Two legislation applied to the fiscal year ended October 31, 2025.

Other intangibles
Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination or generated internally. Intangible assets acquired through a business combination are recognised separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The cost of a separately acquired intangible asset includes its purchase price and directly attributable costs of preparing the asset for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with a finite-life are amortised on a straight-line basis over their estimated useful lives as follows: computer software – 3 to 10 years; and customer relationships – 7 to 20 years. We do not have any intangible assets with indefinite lives.

Intangible assets are assessed for indicators of impairment at each reporting period. If there is an indication that an intangible asset may be impaired, an impairment test is performed by comparing the carrying amount of the intangible asset to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is less than its carrying amount, the carrying amount of the intangible asset is written down to its recoverable amount as an impairment loss.

An impairment loss recognised previously is reversed if there is a change in the estimates used to determine the recoverable amount of the asset (or CGU) since the last impairment loss was recognised. If an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is revised to the lower of its recoverable amount and the carrying amount that would have been determined (net of amortisation) had there been no prior impairment.

Due to the subjective nature of these estimates, significant judgement is required in determining the useful lives and recoverable amounts of our intangible assets, and assessing whether certain events or circumstances constitute objective evidence of impairment. Estimates of the recoverable amounts of our intangible assets rely on certain key inputs, including future cash flows and discount rates. Future cash flows are based on sales projections and allocated costs, which are estimated, based on forecast results and business initiatives. Discount rates are based on the company-wide cost of capital, adjusted for asset-specific risks. Changes in these assumptions may impact the amount of impairment loss recognised in Non-interest expense.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in non-interest income in the Statement of Income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Trinidad and Tobago dollars at historical rates. Non-monetary financial assets classified as securities, such as equity instruments, that are measured at fair value are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and the resulting foreign exchange gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

Assets and liabilities with functional currencies other than Trinidad and Tobago dollars are translated into Trinidad and Tobago dollars at rates prevailing at the Statement of Financial Position date, and income and expenses of these foreign currencies are translated at average rates of exchange for the reporting period.

Equipment

Equipment includes computer equipment, furniture, fixtures and other equipment, and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. Depreciation is recorded principally on a straight–line basis over the estimated useful lives of the assets, which are:

- 3 to 10 years for computer equipment,
- 3 to 15 years for furniture, fixtures and other equipment.

Equipment is assessed for indicators of impairment at each reporting period. If there is an indication that an asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the CGU to which the asset belongs and test for impairment at the CGU level. An impairment charge is recorded to the extent the recoverable amount of an asset (or CGU), which is the higher of value in use and fair value less costs of disposal, is less than its carrying amount. Value in use is the present value of the future cash flows expected to be derived from the asset (or CGU). Fair value less costs of disposal is the amount obtainable from the sale of the asset (or CGU) in an orderly transaction between market participants, less costs of disposal.

After the recognition of impairment, the depreciation charge is adjusted in future periods to reflect the asset's revised carrying amount. If an impairment is later reversed, the carrying amount of the asset is revised to the lower of the asset's recoverable amount and the carrying amount that would have been determined (net of depreciation) had there been no prior impairment loss. The depreciation charge in future periods is adjusted to reflect the revised carrying amount.

2 Summary of material accounting policies, estimates and judgements (continued)

Other material accounting policies (continued)

Provisions
Provisions are liabilities of uncertain timing or amount and are recognised when we have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required in determining whether a present obligation exists and in estimating the probability, timing and amount of any outflows. We record provisions related to litigation, asset retirement obligations and other items. Provisions are recorded under other liabilities on our Statement of Financial Position.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, such as an insurer, a separate asset is recognised if it is virtually certain that reimbursement will be received.

Dividend income
Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders have approved the dividend for unlisted equity securities.

Stated capital
We classify a financial instrument that we issue as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments issued by us are classified as equity instruments when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax.

Comparative information
Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

3 Cash and cash equivalents

	2025 ($'000)	2024 ($'000)
Cash at bank	15,896	10,726
Due from other banks	6,803	10,331
	22,699	21,057

Cash on hand represents deposits held on demand with affiliated company.

Due from other banks are deposits held with other banks on demand or for fixed periods up to three months.

4 Securities

Carrying value of securities

The following table presents the contractual maturities of the carrying values of financial instruments held at the end of the period.

	As of October 31, 2025						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
Fair value through profit or loss(2)							
Money market funds	-	-	-	-	-	1,805	1,805
	-	-	-	-	-	1,805	1,805
Fair value through other comprehensive income							
Treasury bills and treasury notes(3)							
Amortised cost	-	32,605	-	-	-	-	32,605
Fair value	-	32,574	-	-	-	-	32,574
Equities(4)							
Cost	-	-	-	-	-	10	10
Fair value	-	-	-	-	-	8,305	8,305
	-	32,574	-	-	-	8,305	40,879
Total carrying value of securities(1)	-	32,574	-	-	-	10,110	42,684

4 Securities (continued)

Carrying value of securities (continued)

	As of October 31, 2024						
	Within 3 months ($'000)	3 months to 1 year ($'000)	1 year to 5 years ($'000)	5 years to 10 years ($'000)	Over 10 years ($'000)	With no specific maturity ($'000)	Total ($'000)
Fair value through profit or loss(2)							
Money market funds	-	-	-	-	-	1,786	1,786
	-	-	-	-	-	1,786	1,786
Fair value through other comprehensive income							
Treasury bills and treasury notes(3)							
Amortised cost	-	33,187	-	-	-	-	33,187
Fair value	-	33,187	-	-	-	-	33,187
Equities(4)							
Cost	-	-	-	-	-	10	10
Fair value	-	-	-	-	-	8,269	8,269
	-	33,187	-	-	-	8,269	41,456
Total carrying value of securities(1)	-	33,187	-	-	-	10,055	43,242

(1) Actual maturities may differ from contractual maturities shown above since borrowers may have the right to extend or prepay obligations with or without penalties.

(2) Trading securities are recorded at fair value.

(3) Debt securities within FVOCI are recorded at fair value.

(4) We hold equity securities designated as FVOCI as the investments are not held-for-trading purposes.

4 Securities (continued)

4.1 Unrealised gains and losses on securities at fair value through other comprehensive income

The following tables present unrealised gains and losses on securities at fair value through other comprehensive income as at the end of the period.

	As at October 31, 2025			
	Cost/ Amortised cost ($'000)	Gross unrealised gains [1] ($'000)	Gross unrealised losses ($'000)	Fair value ($'000)
FVOCI				
Treasury bills and treasury notes	32,605	-	(31)	32,574
Equities [1]	10	8,295	-	8,305
	32,615	8,295	(31)	40,879

	As at October 31, 2024			
	Cost/ Amortised cost ($'000)	Gross unrealised gains [1] ($'000)	Gross unrealised losses ($'000)	Fair value ($'000)
FVOCI				
Treasury bills and treasury notes	33,187	-	-	33,187
Equities [1]	10	8,259	-	8,269
	33,197	8,259	-	41,456

[1] Unrealised gains on equities will not reclassify to profit and loss when realised.

4 Securities (continued)

4.2 Movement in securities

	FVTPL ($'000)	FVOCI ($'000)	TOTAL ($'000)
As at October 31, 2024	1,786	41,456	43,242
Additions	-	78,955	78,955
Disposal (sale and redemption)	-	(81,005)	(81,005)
Gains from changes in fair value	19	36	55
Amortisation of premium	-	1,540	1,540
Foreign exchange adjustment	-	(103)	(103)
As at October 31, 2025	1,805	40,879	42,684

	FVTPL ($'000)	FVOCI ($'000)	TOTAL ($'000)
As at October 31, 2023	1,680	36,831	38,511
Additions	-	62,868	62,868
Disposal (sale and redemption)	-	(60,724)	(60,724)
Gains from changes in fair value	106	817	923
Amortisation of premium	-	1,642	1,642
Foreign exchange adjustment	-	22	22
As at October 31, 2024	1,786	41,456	43,242

5 Intangible assets

	2025 Computer software ($'000)	2024 Computer software ($'000)
Opening net book value	2	2
Amortisation charge	-	-
Closing net book value	2	2
Total cost	1,782	1,782
Accumulated amortisation	(1,780)	(1,780)
	2	2

During the year, assets fully depreciated and retired amounted to $nil (2024 - $nil).

There were no contractual commitments to acquire intangible assets in 2025 or 2024.

6 Equipment

	Equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2025			
Opening net book value	48	6	54
Additions	-	5	5
Transfers	6	(6)	-
Depreciation charge	(13)	-	(13)
Closing net book value	41	5	46
Year ended October 31, 2025			
Total Cost	114	5	119
Accumulated depreciation	(73)	-	(73)
Net book value	41	5	46

During the year, assets fully depreciated and retired amounted to $nil (2024 - $0.1 million).

	Equipment ($'000)	Work in progress ($'000)	Total ($'000)
Year ended October 31, 2024			
Opening net book value	35	36	71
Additions	-	9	9
Transfers	39	(39)	-
Depreciation charge	(26)	-	(26)
Closing net book value	48	6	54
Year ended October 31, 2024			
Total Cost	108	6	114
Accumulated depreciation	(60)	-	(60)
Net book value	48	6	54

7 Deferred tax assets and liabilities

The following amounts are shown in the statement of financial position:

	2025 ($'000)	2024 ($'000)
Deferred tax assets (Note 7.1)	652	510
Deferred tax liability (Note 7.2)	(2,527)	(2,534)
	(1,875)	(2,024)

The movement on the deferred tax account is as follows:

	2025	2024
At beginning of year	(2,024)	(1,700)
Statement of Comprehensive Income (Note 18)	150	(58)
Investment revaluation reserve:		
Fair value losses	(11)	(245)
Other	10	(21)
At end of year	(1,875)	(2,024)

Deferred tax assets and liabilities are attributable to the following:

		2025 ($'000)	2024 ($'000)
7.1	**Deferred tax assets**		
	Accelerated tax depreciation	12	18
	Post-retirement benefits	420	392
	Other	220	100
		652	510
7.2	**Deferred tax liabilities**		
	Securities FVOCI	(2,527)	(2,517)
	Other	-	(17)
		(2,527)	(2,534)

8 Other assets

	2025 ($'000)	2024 ($'000)
Accounts receivable	112	85
Prepayments and other receivables	217	216
	329	301
Current	329	301

9 Due to affiliated companies

	2025 ($'000)	2024 ($'000)
Due to RBC Royal Bank of Canada	66	64
Due to RBC Financial (Caribbean) Limited	-	3
	66	67

10 Post-retirement benefit obligations

Plan characteristics

The Company sponsors pension and post-employment benefits to eligible employees. The pension arrangements including investment, plan benefits and funding decisions are governed by local pension committees.

The defined benefit pension plans provide pension benefits based on years of service, contributions and earnings at retirement. The main defined benefit pension plan is closed to new members. New employees are generally eligible to join defined contribution pension plans. Our defined contribution pension plans provide pension benefits based on accumulated employee and company contributions. The company contributions are based on a percentage of an employee's annual earnings. Our other post-retirement benefit plans provide health, dental and life insurance coverage for current and retired employees. These plans are funded by the Company and valuations of the plans are performed at each fiscal year by independent actuaries.

Risks

By their design, the defined benefit pension plans expose the Company to risks such as investment performance, reductions in discount rates used to value the obligations, increased longevity of plan members, future inflation levels impacting future salary increases as well as future increases in healthcare costs. By closing our principal defined benefit pension plan and migrating to defined contribution pension plans, the volatility associated with future service costs reduces over time.

10 Post-retirement benefit obligations (continued)

10.1 The amounts recognised in the Statement of Financial Position are as follows:

	2025 ($'000)	2024 ($'000)
Fair value of plan assets	-	-
Post-retirement benefit obligation	1,401	1,308
Liability in the Statement of Financial Position	1,401	1,308

10.2 The movements in the post-retirement benefit obligation over the period are as follows:

	2025 ($'000)	2024 ($'000)
At beginning of year	1,308	1,580
Current service cost	7	8
Past service cost	-	-
Interest cost	81	96
Remeasurements:		
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	-	-
Effect of experience adjustments	(50)	(5)
Benefits paid	(26)	(24)
Other	81	(347)
At end of year	1,401	1,308

10.3 The amounts recognised in the Statement of Income and the Statement of Comprehensive Income are as follows:

	2025 ($'000)	2024 ($'000)
Current service cost	7	8
Past service cost	-	-
Net interest expense	81	96
Benefits paid	(26)	(24)
Other	81	(347)
Components of defined benefit costs recognised in profit or loss	143	(267)
Remeasurement on the net liability:		
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	-	-
Effect of experience adjustments	(50)	(5)
Components of defined benefit costs recognised in other comprehensive income	(50)	(5)
Total	93	(272)

10 Post-retirement benefit obligations (continued)

10.4 Investment policy and strategies

Significant assumptions

Our methodologies to determine significant assumptions used in calculating the defined benefit pension and other post-employment expense are as follows:

Discount rate

All future expected benefit payments at each measurement date are discounted at spot rates based on local bond market derived yield curve. The discount rate is the equivalent single rate that produces the same discounted value as that determined using the entire discount curve. This methodology does not rely on assumptions regarding reinvestment returns.

Summary of principal assumptions

	2025	2024
Discount rates - medical and life	6.60%	6.30%
Salary increases	2.50%	2.00%
Health care cost trend rates		
- Immediate trend rate	5.00%	5.00%
- Ultimate trend rate	5.00%	5.00%

10.5 Sensitivity analysis

Assumptions adopted can have a significant effect on the obligations and expense for defined benefit pension and post-employment benefit plans. The following table presents the sensitivity analysis of key assumptions holding all other factors constant:

	Increase / (decrease) in obligation 2025	Increase / (decrease) in obligation 2024
Other post-employment plans:		
Impact of 1% (2024: 1.0%) decrease in discount rate	186	183
Impact of 1% (2024: 1.0%) increase in discount rate	(153)	(150)
Impact of 1% (2024: 1.0%) decrease in health care cost trend rate	(59)	(58)
Impact of 1% (2024: 1.0%) increase in health care cost trend rate	70	70
Impact of 1 year increase in life expectancy	-	1

11 Other liabilities

	2025 ($'000)	2024 ($'000)
Accounts payable and accruals	14,136	9,141
Employee related costs	1,369	1,064
	15,505	10,205
Current	15,505	10,205

12 Stated capital

	2025 ($'000)	2024 ($'000)
Issued and fully paid	8,000	8,000

13 Other components of equity

	2025 ($'000)	2024 ($'000)
Capital reserves	430	430
Investment revaluation reserve (Note 13.1)	5,785	5,784
	6,215	6,214

13.1 Investment revaluation reserve – securities FVOCI

	2025 ($'000)	2024 ($'000)
Balance at beginning of year	5,784	5,165
Net (losses)/gains arising during the year on securities, net of tax	(24)	47
Net gains arising during the year on equity securities, net of tax	25	572
Balance at end of year	5,785	5,784

14 Interest income

	2025 ($'000)	2024 ($'000)
Securities (Note 14.1)	1,585	1,884
Due from banks	1,795	1,311
	3,380	3,195

14.1 Securities

	2025 ($'000)	2024 ($'000)
FVTPL	36	33
FVOCI	1,456	1,465
Dividends	93	386
	1,585	1,884

15 Non-interest income

The Company derives revenue over time and at a point in time within the following categories:

	2025 ($'000)	2024 ($'000)
Non-interest income at a point in time:		
Transaction service fees and commissions	8,945	8,526
Net trading income (Note 15.1)	3,471	2,965
Foreign exchange earnings	(252)	27
Sundry income	14	252
	12,178	11,770

15.1 Net trading income

Securities at FVTPL - realised and unrealised gains	3,471	2,965

16 Non-interest expenses

	2025 ($'000)	2024 ($'000)
Staff costs (Note 16.1)	4,463	3,868
Equipment and intangible assets expenses, excluding depreciation and amortisation and operating lease rentals	1,113	1,059
Advertising	(19)	93
Amortisation and depreciation	13	26
Short-term lease expenses	121	111
Auditor's fees (Note 16.2)	393	460
Other professional fees	17	174
Green fund levy	48	44
Business and capital tax	228	227
Sundry losses	9	-
Other operating expenses	1,635	1,883
	8,021	7,945

16 Non-interest expenses(continued)

16.1 Staff costs

	2025 ($'000)	2024 ($'000)
Wages and salaries including bonuses	3,912	3,733
Employees' other post-retirement benefit costs	143	(267)
Employees' defined contribution pension expense	229	217
Share option plan-value of services provided	179	185
	4,463	3,868

16.2 Audit fees

In connection with the audit of the financial statements, the following fees were paid or are payable to PricewaterhouseCoopers (PwC) and other PwC Network firms:

	2025 ($'000)	2024 ($'000)
Audit and other services*	393	460

*Includes statutory audit and audit related services provided based on regulatory requirements.

17 Share based compensation

The Company offers share-based compensation plans (the "Plans"), which consists of shares issued by the Company's ultimate parent company, Royal Bank of Canada (RBC). The Plans are administered by RBC.

The Company offers permanent eligible employees in Trinidad and Tobago an opportunity to elect to purchase RBC common shares through a share ownership plan. Under this plan, the employees can generally contribute between 25% and 100% of their annual short-term incentive compensation from the Company's annual incentive program, all of which vest at the end of five years.

The Company offers performance deferred share award plans to certain key employees, all of which vest at the end of three years. Upon vesting, the award is paid in cash and is based on the original number of RBC share units granted plus accumulated dividends valued using the average closing price of RBC common shares during the five trading days immediately preceding the vesting date. A portion of the award under certain plans may be increased or decreased up to 25%, depending on our total shareholder return compared to a defined peer group of global financial institutions.

At year end an accrual is booked to other liabilities until cash is remitted for payment.

17 Share–based compensation (continued)

17.1 Units granted under share-based compensation plans

	October 31, 2025		October 31, 2024	
	Units granted	Weighted average fair value per unit ($)	Units granted	Weighted average fair value per unit ($)
Performance deferred share unit plans	112	853	160	604
RBC share unit plans	-	-	-	-
	112		160	

The liabilities for the awards granted under the share-based compensation plans are measured at fair value, determined based on the quoted market price of the RBC common shares. Annually, the obligation is increased by additional units earned by plan participants, and is reduced by forfeitures, cancellations, and the settlement of vested units. In addition, the obligation is impacted by fluctuations in the market price of RBC common shares. For performance deferred share award plans, the estimated outcome of meeting the performance conditions also impacts the obligation.

The following tables present the units that have been earned by the participants, the obligations for these earned units under the share-based compensation plans, and the related compensation expenses recognised for the year.

17.2 Obligations under share-based compensation plans

	October 31, 2025		October 31, 2024	
	Units	Carrying amount ($'000)	Units	Carrying amount ($'000)
Performance deferred share unit plans	454	449	328	270
RBC share unit plans	-	-	-	-
	454	449	328	270

17.3 Compensation expenses recognised under share-based compensation plans

	2025 ($'000)	2024 ($'000)
Performance deferred share unit plans	179	185
	179	185

18 Taxation expense

	2025 ($'000)	2024 ($'000)
Current tax charge	2,372	1,902
Deferred tax charge (Note 7)	(150)	58
	2,222	1,960

The tax on profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	2025 ($'000)	2024 ($'000)
Net income before taxation	7,537	7,020
Prima facie tax at the rate of 30% (2024: 30%)	2,261	2,106
Prior years	(9)	-
Income exempt from tax	(45)	(162)
Other	15	16
	2,222	1,960

19 Dividends

During the year dividends declared and paid to the shareholders was $10 million. (2024: $Nil). Dividends are accounted for as an appropriation of retained earnings when declared.

20 Contingent liabilities

Customers' liability under letters of credit

The Company has a potential liability for drawn-upon commitments under letters of credit, for which there are equal and offsetting claims against its customers in the event of a call on these commitments. These amounts are not reflected in the Statement of Financial Position.

21 Related party transactions

Related parties

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

We have applied the low credit risk exemption on all loans and receivables, deposits and liabilities to associates and joint ventures and amounts due to and from associates and affiliates, as they demonstrate a low risk of default and the related RBC entity has a strong capacity to meet its contractual cash flow obligations. As a result, any ACL is deemed to be insignificant.

Key management personnel and Directors

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly. They include the senior executives called the Operating Committee (OC) (formerly Executive Management Committee (EMC)). The OC is comprised of the Chief Executive Officer, Caribbean Banking and those individuals that report to him, including the Chief Financial Officer, Head Human Resources, Chief Risk Officer, and heads of business and functional units. The OC is ultimately responsible for all material decisions. The OC is also responsible for establishing the overall strategic direction of the Company and, in that regard, sets global parameters for the Company within which the board of directors and management of each subsidiary in the Company exercise their respective discretion to make decisions concerning the strategic direction and day-to-day management of the particular subsidiary. The Directors of West Indies Stockbrokers Limited do not plan, direct, or control the activities of the Company; they oversee the management of the business and provide stewardship.

	2025 ($'000)	2024 ($'000)
Loans, reverse repurchased assets and receivables		
Other subsidiaries of Royal Bank of Canada	17,701	12,513
Deposits and other liabilities		
Other subsidiaries of Royal Bank of Canada	66	67
Dividends paid		
Other subsidiaries of Royal Bank of Canada	10,000	-

The following table presents the compensation paid, shareholdings and options held by key management personnel and Directors.

	2025	2024
Key management personnel compensation		
Salaries and other short term benefits	961	1,025

22 Financial risk management

22.1 Statement of Financial Position – categorisation

Assets	2025 ($'000)	2024 ($'000)
Financial assets at fair value through profit and loss		
Securities	1,805	1,786
Financial assets at fair value through other comprehensive income:		
Securities – treasury bills	32,574	33,187
Securities – equity instruments (1)	8,305	8,269
	40,879	41,456
Financial assets at amortised cost		
Cash on hand and due from banks	22,699	21,057
Other assets	112	85
	22,811	21,142
Total financial assets	65,495	64,384
Non-financial assets	985	845
Total Assets	66,480	65,229
Liabilities		
Financial liabilities at amortised cost		
Due to affiliated companies	66	67
Other liabilities	14,579	9,141
Total financial liabilities	14,645	9,208
Non- financial liabilities	5,907	5,444
Total liabilities	20,552	14,652
Total equity	45,928	50,577
Total equity and liabilities	66,480	65,229

22 Financial risk management (continued)

22.1 Statement of Financial Position – categorisation (continued)

[1]Securities - equity instruments designated as at FVOCI

The Company designated certain equity securities which are not held for trading as FVOCI. The Company irrevocably elected to recognise the equity securities as FVOCI because the equity securities are held for the long term for strategic purposes

The following table presents the Company's equity instruments designated as at FVOCI at the end of the period by business category.

	Number of companies [a]	**Carrying value**		**Dividends**	
		2025 ($'000)	**2024 ($'000)**	**2025 ($'000)**	**2024 ($'000)**
Business category					
Stock exchange	1	8,305	8,269	93	386
Total		8,305	8,269	93	386

[a]During the year ended October 31, 2025, there were no disposals from the equity shares designated as FVOCI (2024 - Nil).

22.2 Risk management

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual company within the Company is accountable for the risk exposures relating to its responsibilities. The Company is exposed to credit risk, liquidity risk, operational risk and market risk, the latter being subdivided into trading and non-trading risks.

An important component of our risk management approach is to seek to ensure that top and emerging risks, as they evolve, are identified, managed and incorporated into our existing risk management assessment, measurement, monitoring and escalation processes and addressed in our risk frameworks and policies. These practices are intended to ensure a forward-looking risk assessment is maintained by management in the course of business development and as part of the execution of ongoing risk oversight responsibilities. Top and emerging risks are discussed by senior management and the Board on a regular basis. We have developed supplementary internal guidance to support identification and assessment of all material risks. Top and emerging risks encompass those that could materially impact our financial results, financial and operational resilience, reputation, business model or strategy, as well as those that may materially impact us as the risks evolve. The following represents our top and emerging risks:

Information technology and cyber risks

Information technology (IT) risk and cyber risks remain top risks. There is a risk of cyberattacks, data breaches, cyber extortion and similar compromises, due to: (i) the size, scale and nature of our operations; (ii) our heavy reliance on the internet to conduct day-to-day business activities; and (iii) our intricate technological infrastructure. Resulting implications could include business interruptions, client

22 Financial risk management (continued)

22.2 Risk management (continued)

Information technology and cyber risks (continued)
service disruptions, financial loss, theft of intellectual property and confidential information, litigation, enhanced regulatory attention and penalties, as well as reputational damage. Furthermore, the adoption of emerging technologies, such as cloud computing, AI, including GenAI, and robotics, call for continued focus and investment to manage risks effectively.

Climate risk
Climate risk is the risk related to the global transition to a net-zero economy (transition risk) and the physical impacts of climate change (physical risk), which includes both chronic (longer-term) risks (e.g., rising sea levels and increases in average temperatures) and acute (event driven) risks (e.g., wildfires and floods). Both we and our clients may be exposed to climate related transition risk, including through emerging regulatory and legal requirements, changing business and consumer sentiment towards products and services, technological developments, and changes in stakeholder expectations. Additionally, we and our clients may be vulnerable to climate-related physical risk through disruptions to operations and services. We continue to make progress in our climate risk management capabilities by integrating climate risk considerations in our risk management processes. Our continued development of our climate risk measurement capabilities is expected to inform the enhancements to our climate risk management practices and advance the integration of climate risks into our policies and procedures.

Risk management structure
The Board of Directors is responsible for providing oversight over the management of risks. The OC is responsible for managing and monitoring risks.

Operating Committee (OC)
The OC is responsible for the overall risk management approach and for approving the risk strategies and principles. The main risks arising from the Company's financial instruments are credit risk, interest rate and market risk, liquidity risk, foreign currency risk and operational risk.

Risk Management Unit
A centralised Risk Management Unit provides oversight of the implementation and maintenance of risk related procedures to ensure an independent control process. The unit which is sub-divided into three departments (Group Market Risk, Group Credit Risk and Operational Risk), is also responsible for monitoring compliance with risk policies and limits across the Company in the three key areas of credit risk, market risk and operational risk. These units, are responsible for the independent oversight of risks, including monitoring the risk or exposures against limits and the assessment of risks of new products and structured transactions. These units also ensure the risks are completely captured in the risk measurement and reporting systems.

22 Financial risk management (continued)

22.2 Risk management (continued)

Group Asset and Liability Committee (ALCO)
The Group ALCO is responsible for the oversight and monitoring of the financial resources of operating entities within the Group. The committee proactively assesses balance sheet strategies and dynamics in the context of:

- economic data and forecasts;
- business and enterprise strategies;
- risks;
- the Company's legal entity structure;
- market developments;
- accounting pronouncements and
- competitive and regulatory environments.

Considering these dynamics, the ALCO is responsible for reviewing, challenging, approving and recommending policies, frameworks, other relevant documents and benchmark limits pertaining to capital, interest rate risk in the banking book (IRRBB) for both on and off-balance sheet, structural foreign exchange risk, liquidity and funding management, and the Company's investment portfolio, which are all centrally managed by Treasury. For these areas, the ALCO also monitors key metrics and opportunities, providing strategic direction to Treasury and Business platforms.

The committee's mandate also includes the recommendation of policies covering investments, capital, funding and liquidity and market risk to the relevant Senior Management Committee and the Board. In addition, the ALCO is responsible for the monitoring of compliance with risk policies and limits in the areas of credit risk and market risk.

Internal Audit
Risk management processes throughout the Company are audited by the internal audit function that examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Board Audit & Risk Committee and subsidiary Boards' Audit & Risk Committees.

Risk measurement and reporting systems
The Company's risks are measured using methods, which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies. Information compiled from all the business units is examined and processed in order to identify, analyse and control risks early. This data is presented and explained to the OC, the ALCO, and the head of each business unit. The reports include but are not limited to aggregate credit exposure, open currency positions, and liquidity ratios and risk profile changes. On a quarterly basis, senior management assesses the appropriateness of the allowance for credit losses.

22 Financial risk management (continued)

22.2 Risk management (continued)

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed in order to ensure that all business units have access to necessary and up-to-date information.

Risk mitigation
As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Company. The effectiveness of hedges is assessed by Group Risk Management (GRM) and Finance units (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the Group Market Risk Unit monthly. The Company did not hold any derivative instruments during the current or prior reporting periods.

The Company actively uses collateral to reduce its credit risks.

22.3 Liquidity risk

Liquidity and funding risk (Liquidity risk) is the risk that the Company may be unable to generate sufficient cash or its equivalents in a timely and cost effective manner to meet our commitments as they come due. Liquidity risk arises from mismatches in the timing and value of cash flows. The Company's liquidity profile is structured to ensure that we have sufficient liquidity to satisfy current and prospective commitments in both normal and stressed conditions. Liquidity risk management activities are conducted in accordance with a comprehensive Liquidity Risk Management Framework (LRMF) that includes Liquidity Risk Policy (LRP), Pledging Policy (PP) and Contingency Plan. These policies are in addition to the Company's Ultimate Parent and will identify distinctions within the Caribbean. Additionally, the Liquidity Contingency Plan is intended to provide communication protocols and forums to give consideration to and support implementation of a predetermined suite of liquidity & funding options to effectively manage, anticipate and address increasing funding risks generated by stress events.

These policies are supported by management limits and authorities that govern the measurement and management of liquidity within our risk appetite. Liquidity risk objectives, policies and risk appetite are reviewed regularly, and updated as required to reflect changes in industry practice and relevant regulatory guidance.

Liquidity risk oversight and management is the responsibility of the Board, OC and the ALCO for the Company. The liquidity management process for the Company is carried out by the Treasury department of each business unit and monitored by Treasury and the ALCO. Liquidity risk management activities are subject to the three lines of defence governance model. Treasury, the first line of defence for all the management of liquidity risk, is subject to independent second line challenge and oversight by GRM. Internal Audit is the third line of defence. The three lines of defence are independent of the business whose activities generate liquidity risks.

The Board and the ALCO regularly reviews information on liquidity positions and recommends the liquidity risk management policies for relevant Board approvals and annually approves the Liquidity Contingency Plan.

22 Financial risk management (continued)

22.3 Liquidity risk (continued)

A robust liquidity risk measurement process is maintained to support timely and frequent reporting of information for management of liquidity positions and oversight of risk. This reporting includes both internal and regulatory metrics and is used to monitor adherence with our risk appetite and limits and position relative to regulatory minimums. The results are monitored monthly by GRM, reported to the ALCO and Regulators. Internally, liquidity is measured monthly via the internally defined net cash flow under both 'Business As Usual' (BAU) and stressed assumptions. This includes the application of scenario-specific assumptions against our assets and liabilities, to project cash flows over varying time horizons and degrees of stress. As an example, government bonds generally can be quickly and easily converted to cash without significant loss of value regardless of their contractual maturity. Similarly, while relationship-based deposits contractually can be withdrawn immediately, in practice, these balances can be relatively stable sources of funding depending on several factors, such as the nature of the client and their intended use. Risk methodologies and underlying assumptions are periodically reviewed and validated to ensure their alignment with our operating environment, expected economic and market conditions, regulatory requirements, and generally accepted industry practices. Liquidity risk appetite sets limits on various metrics over a range of time horizons considering various levels of stress conditions in the development of appropriate contingency, recovery, and resolution plans. The Company's liquidity risk measurement and control activities cover the undermentioned risks.

Tactical (shorter-term) liquidity risk
To address potential immediate cash flows risks in times of stress, we use short-term net cash flow limits to control risk of material units, subsidiaries and currencies and perform stress testing assessments. Net cash flow positions are determined by applying results of core assumptions methodology i.e. internally derived risk assumptions and parameters to known and anticipated cash flows for all material unencumbered assets, liabilities and off-balance sheet activities. Encumbered assets are not considered a source of available liquidity.

Structural (longer-term) liquidity risk
To guide our secured and unsecured wholesale term funding activities, we employ an Internal Liquidity Mismatch Metric (ILM) to manage and control the structural alignment between long-term assets and longer-term funding sources from core deposits.

Contingency liquidity risk
Contingency liquidity risk planning assesses the impact of sudden stress events on our liquidity risk position and identifies a range of potential mitigating actions and plans. The Liquidity Contingency Plan (LCP), maintained and administered by Treasury, has been developed to guide our potential responses to liquidity crises. The contingency liquidity risk planning process identifies contingent funding needs and sources under various stress scenarios, and as result informs requirements for our earmarked unencumbered liquid asset portfolios. Also included in the LCP are regional liquidity contingency plans that guide our responses to liquidity crises. Additionally, under the leadership of Treasury, Liquidity Crisis Teams (LCTs) meet at least annually or more frequently as required to assess our liquidity status, review the LCPs and discuss update market strategies. Under stress conditions, LCT provides linkages to the front line and other functions to support effective and coordinated crisis management and oversight. LCTs primary stakeholders informs the ALCO and the Board of the assessment of internal and external events and their potential implications on liquidity risk.

22 Financial risk management (continued)

22.3 Liquidity risk (continued)

22.3.1 Non-derivative cash flows

Financial assets and liabilities less derivatives

The amounts disclosed in the following table are the contractual undiscounted cash flows of all non-derivative financial assets and financial liabilities based on the estimated timing of when the settlement of the amounts are expected to occur at the balance sheet date and excludes any projected interest on securities.

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over 5 years ($'000)	Total ($'000)
As at October 31, 2025						
Assets						
Cash and cash equivalents	22,699	-	-	-	-	22,699
Securities	10,110	32,574	-	-	-	42,684
Other assets	112	-	-	-	-	112
Total financial assets	32,921	32,574	-	-	-	65,495
Liabilities						
Due to affiliated company	17	17	32	-	-	66
Other liabilities	14,579	-	-	-	-	14,579
Total financial liabilities	14,596	17	32	-	-	14,645
Liquidity gap	18,325	32,557	(32)	-	-	50,850
Cumulative gap	18,325	50,882	50,850	50,850	50,850	

	Less than three months ($'000)	Three to six months ($'000)	Six to twelve months ($'000)	One to five years ($'000)	Over 5 years ($'000)	Total ($'000)
As at October 31, 2024						
Assets						
Cash and cash equivalents	21,057	-	-	-	-	21,057
Securities	1,786	33,187	-	-	8,269	43,242
Other assets	85	-	-	-	-	85
Total financial assets	22,928	33,187	-	-	8,269	64,384
Liabilities						
Due to affiliated companies	19	13	35	-	-	67
Other liabilities	9,141	-	-	-	-	9,141
Total financial liabilities	9,160	13	35	-	-	9,208
Liquidity gap	13,768	33,174	(35)	-	8,269	55,176
Cumulative gap	13,768	46,942	46,907	46,907	55,176	

22 Financial risk management (continued)

22.3 Liquidity risk (continued)

22.3.2 Contingent liabilities and commitments

The table below summarises the Company's contingent liabilities and commitments based on contractual maturity dates.

	Up to one year	One to five years	Over five years	Total
As at October 31, 2025				
Letters of credit	3,000	-	-	3,000
	3,000	-	-	3,000

	Up to one year	One to five years	Over five years	Total
As at October 31, 2024				
Letters of credit	3,000	-	-	3,000
	3,000	-	-	3,000

22.4 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company separates exposures to market risk into either trading or non-trading portfolios.

On a monthly basis, Treasury and Finance departments review and approve the valuation of all securities, derivatives and trading liabilities sent by the Valuations department which is resident in RBC.

Trading portfolios include those portfolios arising from market-making transactions where the Company acts as a principal with clients or with the market.

Non-trading portfolios primarily arise from the interest-rate management of the Company's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of interest rate, foreign exchange and equity risks arising from the Company's amortised and FVOCI securities.

22 Financial risk management (continued)

22.4 Market risk (continued)

22.4.1 Market risk measurement techniques

The major measurement technique used by the Company to measure and control market risk is stress testing.

The Company applies stress tests to provide an indication of the potential size of losses that could arise in extreme conditions. Group Risk Management performs a risk sensitivity analysis by applying possible foreign currency rate stress events on the Company's foreign currency trading portfolio in order to assess potential impacts to foreign exchange earnings.

22.4.2 Interest rate risk

Market risk controls – Interest Rate Risk in the Banking Book (IRRBB) positions

IRRBB arises primarily from traditional customer-originated banking products such as deposits and loans and includes related hedges and interest rate risk from securities held for liquidity management purposes. Factors contributing to IRRBB include mismatches between asset and liability repricing dates, relative changes in asset and liability rates in response to market rate scenarios, and other product features affecting the expected timing of cash flows, such as options to pre-pay loans. IRRBB sensitivities are regularly measured and reported, and subject to limits and controls with independent oversight from GRM. The Board approves the risk appetite for IRRBB, and the ALCO and GRM provide ongoing governance through IRRBB risk policies, limits and other controls. IRRBB reports are reviewed monthly by GRM, the ALCO, and quarterly by the Board.

IRRBB measurement

To monitor and control IRRBB, we assess two primary metrics, Net Interest Income (NII) risk and Economic Value of Equity (EVE) risk, under a range of market shocks, scenarios, and time horizons. Market scenarios include currency-specific parallel and non-parallel yield curve changes, interest rate volatility shocks, and interest rate scenarios prescribed by regulators. In measuring NII risk, detailed banking book balance sheets are dynamically simulated to estimate the impact of market stress scenarios on projected NII. Assets, liabilities and off-balance sheet positions are simulated over various time horizons. The simulations incorporate maturities, renewals, and new originations along with prepayment behaviour. Product pricing and volumes are forecasted based on past experience to determine response expectations under a given market shock scenario. EVE risk captures the market value sensitivity to changes in rates. In measuring EVE risk, deterministic (single-scenario) and stochastic (multiple-scenario) valuation techniques are applied to spot position data. NII and EVE risks are measured for a range of market risk stress scenarios which include extreme but plausible changes in market rates and volatilities. IRRBB measures assume continuation of existing hedge strategies. Management of NII and EVE risk is complementary and supports our efforts to generate a sustainable high-quality NII stream. NII and EVE risks for all units are measured monthly. A number of assumptions affecting cash flows, product re-pricing and the administration of rates underlie the models used to measure NII and EVE risk. The key assumptions, fixed-rate loan prepayment behaviour and empirically based historical client behaviour with product pricing with consideration and possible forward-looking changes on non-maturity assets and liabilities (deposits). All models and assumptions used to measure IRRBB are subject to independent oversight by GRM.

22 Financial risk management (continued)

22.4.2 Interest rate risk (continued)

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on projected EVE and 12-month NII, assuming no subsequent hedging. Interest rate risk measures are based on current on and off-balance sheet positions which can change over time in response to business activity and management actions.

	EVE Risk		NII Risk	
	Local Currency	Hard Currency	Local Currency	Hard Currency
As at October 31, 2025				
Impact before tax				
100 bps increase in rates	(84)	(274)	(13)	(294)
100 bps decrease in rates	90	278	13	294

	EVE Risk		NII Risk	
	Local Currency	Hard Currency	Local Currency	Hard Currency
As at October 31, 2024				
Impact before tax				
100 bps increases in rates	(91)	(124)	(13)	(130)
100 bps decreases in rates	99	125	13	130

22 Financial risk management (continued)

22.4.2 Interest rate risk (continued)

Interest sensitivity of assets and liabilities to repricing risk

The table below summarises the Company's exposure to interest rate repricing risk. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-Interest bearing ($'000)	Total ($'000)
As at October 31, 2025					
Assets					
Cash and cash equivalents	16,644	-	-	6,055	22,699
Securities	42,684	-	-	-	42,684
Other assets	-	-	-	112	112
Total financial assets	59,328	-	-	6,167	65,495
Liabilities					
Due to affiliated company	-	-	-	66	66
Other liabilities	-	-	-	14,579	14,579
Total financial liabilities	-	-	-	14,645	14,645
Interest sensitivity gap	59,328	-	-		

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Non-Interest bearing ($'000)	Total ($'000)
As at October 31, 2024					
Assets					
Cash and cash equivalents	20,186	-	-	871	21,057
Securities	34,973	-	8,269	-	43,242
Other assets	-	-	-	85	85
Total financial assets	55,159	-	8,269	956	64,384
Liabilities					
Due to affiliated companies	-	-	-	67	67
Other liabilities	-	-	-	9,141	9,141
Total financial liabilities	-	-	-	9,208	9,208
Interest sensitivity gap	55,159	-	8,269		

22 Financial risk management (continued)

22.4.3 Maturity and rate sensitivity

The table below summarises the Company's securities categorised by the earlier of contractual repricing or maturity dates.

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2025				
Securities at FVTPL	1,805	-	-	1,805
Securities at FVOCI	40,879	-	-	40,879
	42,684	-	-	42,684

	Up to one year ($'000)	One to five years ($'000)	Over five years ($'000)	Total ($'000)
As at October 31, 2024				
Securities at FVTPL	-	-	1,786	1,786
Securities at FVOCI	33,187	-	8,269	41,456
	33,187	-	10,055	43,242

22.4.4 Other price risk

Other price risk arises due to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is affected by changing prices of equity instruments designated as fair value through other comprehensive income with fair value movements recognised in other comprehensive income attributable to the Company. The exposure is not significant to the Company.

22.5 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

22 Financial risk management (continued)

22.5 Currency risk (continued)

22.5.1 Concentrations of currency risk – financial instruments on and off Statement of Financial Position

Assets are primarily funded by like currency liabilities thus reducing the element of cross-currency risk and in most regional markets, US dollar denominated transactions must be officially sanctioned by the relevant authorities thus reducing exposure. Currency exposure resides mainly in trading activity. The table below summarises the Company's exposure to foreign currency exchange rate risk.

	TTD	USD	Totals
At October 31, 2025			
Assets			
Cash and cash equivalents	15,691	7,008	22,699
Securities	10,095	32,589	42,684
Other assets	112	-	112
Total financial assets	25,898	39,597	65,495
Liabilities			
Due to affiliated company	(63)	129	66
Other liabilities	14,579	-	14,579
Total financial liabilities	14,516	129	14,645
Net statement of financial position	11,382	39,468	50,850
Credit commitments	-	-	-

	TTD	USD	Totals
At October 31, 2024			
Assets			
Cash and cash equivalents	10,186	10,871	21,057
Securities	10,041	33,201	43,242
Other assets	85	-	85
Total financial assets	20,312	44,072	64,384
Liabilities			
Due to affiliated companies	3	64	67
Other liabilities	9,141	-	9,141
Total financial liabilities	9,144	64	9,208
Net statement of financial position	11,168	44,008	55,176
Credit commitments	-	-	-

22 Financial risk management (continued)

22.5 Currency risk (continued)

22.5.2 Foreign currency exchange risk

Analysis was conducted to determine the sensitivity to reasonable possible movements of select currencies against the Trinidad and Tobago dollar (TT dollar) to which the Company had significant exposure at October 31 in respect of its assets and liabilities holding all other variables constant. The results revealed that as at October 31, 2025, if the TT dollar had weakened 10% (2024 – 10%) against the US dollar currency, with all other variables held constant, profit before tax for the year would have been $3 million higher (2024 – $1 million lower).

22.6 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of exposure it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral reviews. Counterparty limits for corporate and commercial counterparties are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. For the retail portfolio, the Company has stringent lending criteria, which include conservative debt service coverage, loan to value ratios and stability of earnings. These exposures are continuously monitored to identify any change in the credit worthiness of the borrower. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

22.6 Maximum exposure to credit risk before collateral held or other credit enhancements

	Gross maximum exposure	
	2025 (\$'000)	**2024 (\$'000)**
Credit risk exposures relating to financial assets on the Statement of Financial Position are as follows:		
Cash and cash equivalents	22,699	21,057
Treasury bills	32,574	33,187
Securities at FVTPL	1,805	1,786
Accounts receivable	112	85
	57,190	56,115
Credit risk exposures relating to financial assets not on the Statement of Financial Position are as		
Contingent liabilities (letter of credit and financial guarantees)	3,000	3,000
	3,000	3,000
Total credit risk exposure	60,190	59,115

22 Financial risk management (continued)

22.6 Credit risk (continued)

22.6.2 Concentration of risk of financial assets with credit risk exposure by industry sectors

The following table breaks down the Company's main credit exposure of their carrying amounts, as categorised by industry sectors of counterparties.

	Gross maximum exposure	
	2025 ($'000)	2024 ($'000)
Financial services	60,190	56,115

22.6.3 Credit quality by class of financial assets

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2025				
Cash and cash equivalents	22,699	-	-	22,699
Securities				
FVTPL (including trading):				
Corporate	1,805	-	-	1,805
Amortised Cost:				
Corporate	32,574	-	-	32,574
	34,379	-	-	34,379
Other assets	112	-	-	112
Total	57,190	-	-	57,190

	Stage 1 ($'000)	Stage 2 ($'000)	Stage 3 ($'000)	Total ($'000)
As at October 31, 2024				
Cash and cash equivalents	21,057	-	-	21,057
Securities				
FVTPL (including trading):				
Corporate	1,786	-	-	1,786
Amortised Cost:				
Corporate	33,187	-	-	33,187
	34,973	-	-	34,973
Other assets	85	-	-	85
Total	56,115	-	-	56,115

23 Fair value of financial assets and liabilities

Disclosures of fair value for financial instruments that are carried at amortised cost
The following fair value hierarchy table presents fair values of financial assets and liabilities that are carried at amortised cost, and therefore excludes financial instruments that are measured and disclosed at fair value on a recurring basis.

Financial assets and liabilities for which fair values are disclosed

	Fair value always approximates carrying value ($'000)	Fair value may not approximate carrying value ($'000)	Total fair value ($'000)	Fair value hierarchy Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)
Cash on hand and due to banks	22,699	-	22,699	-	-	-
Other assets	112	-	112	-	-	-
Due to affiliated company	66	-	66	-	-	-
Other Liabilities	14,579	-	14,579	-	-	-

As at October 31, 2024

	Fair value always approximates carrying value ($'000)	Fair value may not approximate carrying value ($'000)	Total fair value ($'000)	Fair value hierarchy Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)
Cash on hand and due to banks	21,057	-	21,057	-	-	-
Other assets	85	-	85	-	-	-
Due to affiliated companies	67	-	67			
Other Liabilities	9,141	-	9,141	-	-	-

Carrying amounts of certain financial instruments approximate their fair values due to short-term nature and generally insignificant credit risk of the instruments: (i) loans and deposits with original maturity of less than three months or payable on demand; and (ii) certain receivables and payables in other assets and other liabilities.

23 Fair value of financial assets and liabilities (continued)

<u>Valuation techniques and assumptions applied for the purposes of measuring fair value</u>

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Disclosures of fair value for financial instruments that are measured and disclosed at fair value
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23 Fair value of financial assets and liabilities (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

As at October 31, 2025	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Securities at FVTPL				
Securities FVTPL classified				
Money market funds	1,805	-	-	1,805
	1,805	-	-	1,805
Securities at FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	32,574	-	32,574
	-	32,574	-	32,574
Securities FVOCI designated				
Equity securities	-	-	8,305	8,305
	-	-	8,305	8,305
	1,805	32,574	8,305	42,684

As at October 31, 2024	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Securities at FVTPL				
Securities FVTPL classified				
Money market funds	1,786	-	-	1,786
	1,786	-	-	1,786
Securities at FVOCI				
Securities FVOCI classified				
Treasury bills and treasury notes	-	33,187	-	33,187
	-	33,187	-	33,187
Securities FVOCI designated				
Equity securities	-	-	8,269	8,269
	-	-	8,269	8,269
	1,786	33,187	8,269	43,242

There were no significant transfers between Level 1 and 2 in the respective periods.

23 Fair value of financial assets and liabilities (continued)

Positive and negative fair value movement of Level 3 financial instruments from using reasonably possible alternative assumptions.

A financial instrument is classified as Level 3 in the fair value hierarchy if one or more of its unobservable inputs may significantly affect the measurement of its fair value. In preparing the financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgement. Due to the unobservable nature of the prices or rates, there may be uncertainty about valuation of these Level 3 financial instruments.

The following table summarises the impact to fair values of Level 3 financial instruments using reasonably possible alternative assumptions. This sensitivity disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of Level 3 financial instruments. In reporting the sensitivities below, we have considered offsetting balances in instances when: (i) the move in valuation factor caused an offsetting positive and negative fair value movement, (ii) both offsetting instruments are in Level 3, and (iii) when exposures are managed and reported on a net basis. With respect to overall sensitivity, it is unlikely in practice that all reasonably possible alternative assumptions would be simultaneously realised.

	Level 3 Fair Value ($'000)	Positive fair value movement from using reasonably using reasonably possible alternatives ($'000)	Negative fair value movement from using reasonably using reasonably possible alternatives ($'000)
As at October 31, 2025			
Securities at FVOCI	8,305	5,885	(2,101)
	8,305	5,885	(2,101)

	Level 3 Fair Value ($'000)	Positive fair value movement from using reasonably using reasonably possible alternatives ($'000)	Negative fair value movement from using reasonably using reasonably possible alternatives ($'000)
As at October 31, 2024			
Securities at FVOCI	8,269	3,613	(1,268)
	8,269	3,613	(1,268)

23 Fair value of financial assets and liabilities (continued)

Sensitivity results

As at October 31, 2025, the effects of applying other reasonably possible alternative assumptions to the Level 3 asset positions would be an increase of $5.8 million (2024: $3.6 million) and a reduction of $2.1 million (2024: $1.2 million) in fair value, of which an increase of $1.7 million (2024: $1.1 million) and a decrease of $0.6 million (2024: $0.4 million) would be recorded in other components of equity.

Level 3 valuation inputs and approaches to developing reasonable possible alternative assumptions

The following is a summary of the unobservable inputs of the Level 3 instruments and our approaches to develop reasonably possible alternative assumptions used to determine sensitivity.

Financial assets or liabilities	Sensitivity methodology
Asset-backed securities, corporate debt, government debt and municipal bonds	Sensitivities are determined based on adjusting, plus or minus one standard deviation, the bid-offer spreads or input prices if a sufficient number of prices are received, adjusting input parameters such as credit spreads or using high and low vendor prices as reasonably possible alternative assumptions.
Interest rate derivatives	Sensitivities of interest rate and cross currency swaps are derived using plus or minus one standard deviation of these inputs, and an amount based on model and parameter uncertainty, where applicable.

Reconciliation of Level 3 fair value measurements of financial assets

	FVOCI ($'000)
As at November 1, 2024	8,269
Gain from changes in fair value	36
As At October 31, 2025	8,305

	FVOCI ($'000)
As at November 1, 2023	7,452
Gain from changes in fair value	817
As At October 31, 2024	8,269

23 Fair value of financial assets and liabilities (continued)

Financial assets classified as fair value through profit or loss
For our financial assets classified as FVTPL, we measure the change in fair value attributable to changes in credit risk as the difference between the total change in the fair value of the instrument during the period and the change in fair value calculated using the appropriate risk-free yield curves.

There were no significant changes in the fair value of the financial assets classified as FVTPL attributable to changes in credit risk during the year ended October 31, 2025, and cumulatively since initial recognition of the assets.

Net gains (losses) from financial instruments classified as fair value through profit or loss
Financial instruments classified as at FVTPL, which includes mainly trading securities are measured at fair value with realised and unrealised gains and losses recognised in Non-interest income, primarily in Trading revenue.

24 Administered funds

The Company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company. Assets under administration/trusteeship as at October 31, 2025 totalled $16 billion (as at October 31, 2024 - $15 billion).

25 Events after the reporting period

No significant events occurred after the statement of financial position date and up to the date of the approval of the financial statements by the Board of Directors.