



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of RBC Royal Bank (Bahamas) Limited

We have audited the accompanying statement of financial position of RBC Royal Bank (Bahamas) Limited – Turks & Caicos Branch, as of October 31, 2016, and the statement of comprehensive income, for the year then ended (together the “financial information”).

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information present fairly, in all material respects, the financial position of RBC Royal Bank (Bahamas) Limited – Turks & Caicos Branch as of October 31, 2016, and its financial performance for the year then ended in accordance with International Financial Reporting Standards.



Other Matter

The financial information of RBC Royal Bank (Bahamas) Limited – Turks & Caicos Branch for the year ended October 31, 2015 were audited by another firm of auditors whose report, dated February 11, 2016, expressed an unmodified opinion on those statements. Our opinion is not qualified in respect of this matter.

Emphasis of Matter

Without modifying our opinion, we draw to users' attention the fact that the financial information does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

**Chartered Accountants
Nassau, Bahamas**

February 7, 2017

RBC Royal Bank (Bahamas) Limited – Turks & Caicos Branch

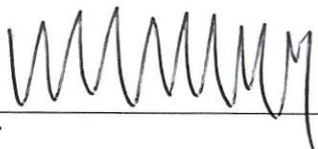
Statement of Financial Position

As of October 31, 2016

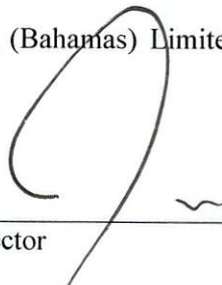
Expressed in United States Dollars

	2016	2015
	\$	\$
		Revised
Assets		
Cash and cash equivalents	21,370,106	30,281,596
Loans and advances to customers	115,348,467	105,512,989
Premises and equipment	460,045	517,173
Other assets	1,191,644	693,971
Total Assets	<u>138,370,262</u>	<u>137,005,729</u>
Liabilities		
Customer deposits	70,840,593	74,163,269
Due to affiliated companies	48,149,414	46,179,437
Other liabilities	491,154	955,155
Total Liabilities	<u>119,481,161</u>	<u>121,297,861</u>
Equity		
Assigned capital	15,000,000	15,000,000
Reserve	1,007,575	406,963
Retained earnings	2,881,526	300,905
Total Equity	<u>18,889,101</u>	<u>15,707,868</u>
Total Equity and Liabilities	<u>138,370,262</u>	<u>137,005,729</u>

On January 26, 2017 the Board of Directors of RBC Royal Bank (Bahamas) Limited authorized these financial statements for issue.



Director



Director

RBC Royal Bank (Bahamas) Limited – Turks & Caicos Branch

Statement of Comprehensive Income For the year ended October 31, 2016 Expressed in United States Dollars

	2016	2015
	\$	\$
Income		
Interest income	6,980,190	6,273,975
Interest expense	<u>(1,128,015)</u>	<u>(1,035,280)</u>
Net interest income	5,852,175	5,238,695
Non-interest income	<u>807,452</u>	<u>574,630</u>
Total income	6,659,627	5,813,325
Non-interest expenses	(1,770,206)	(1,768,759)
Impairment losses on loans and advances	<u>(1,708,188)</u>	<u>(1,642,120)</u>
Net income and total comprehensive income for the year	<u><u>3,181,233</u></u>	<u><u>2,402,446</u></u>