

Royal Bank of Canada
EIN: 13-5357855
Attachment to Form 8937

Form 8937 Part I, Lines 10, 12

Royal Bank of Canada (“RBC”)

Common Stock
CUSIP Number: 780087102
Ticker Symbol: RY

5.50% Non-Cumulative Perpetual Preferred Stock, Series C-1
CUSIP Number: 78013G204[†]
Ticker Symbol: None[†]

[†] Depositary shares, each representing a 1/40th interest in a share of 5.50% Non-Cumulative Perpetual Preferred Stock, Series C-1 of RBC have CUSIP Number 78013G402 and trade under the Ticker Symbol RY.PR.S.

6.75% Fixed Rate/Floating Rate Non-Cumulative Preferred Stock, Series C-2
CUSIP Number: 78013G303[‡]
Ticker Symbol: None[‡]

[‡] Depositary shares, each representing a 1/40th interest in a share of 6.75% Fixed Rate/Floating Rate Non-Cumulative Preferred Stock, Series C-2 of RBC have CUSIP Number 78013G501 and trade under the Ticker Symbol RY.PR.T.

Form 8937 Part II, Line 14

On November 2, 2015, City National Corporation (“City National”) merged with and into RBC USA Holdco Corporation (“Holdco”), a wholly-owned subsidiary of Royal Bank of Canada (“RBC”), with Holdco continuing as the surviving entity (the “Merger”). As a result of the Merger, each share of City National common stock was exchanged for one of the following: (a) US\$90.057 in cash (the “Cash Election”) or (b) 1.5755 RBC common shares (the “Stock Election”). City National common stockholders that failed to make a valid election exchanged one share of City National common stock for US\$77.0123 and 0.22 RBC common shares (the “Non-Election Consideration”). No holder of City National common stock was issued a fractional share of RBC common shares in the Merger, but instead, each such holder received an amount of cash equal to the value of the fractional share of a RBC common share, the value of which is US\$57.16, based on the volume-weighted average market price of RBC common shares over the ten-trading-day period ending on the last full trading day immediately before the closing date of November 2, 2015 (October 30, 2015), as calculated in accordance with the merger agreement (the “VWAP”).

In addition, each share of City National 5.50% Non-Cumulative Perpetual Preferred Stock, Series C (a “City National Series C Preferred Share”), was cancelled, and RBC issued to each former holder of a City National Series C Preferred Share one share of RBC 5.50% Non-Cumulative Perpetual Preferred Stock, Series C-1 (an “RBC Series C-1 Preferred Share”). Upon completion of the Merger, each depositary share representing a one-fortieth interest in a share of the corresponding City National Series C Preferred Shares prior to the Merger represents a one-fortieth interest in a share of RBC Series C-1 Preferred Share. For U.S. income tax purposes, holders of such depositary shares are treated as beneficial owners of the underlying preferred shares. Where appropriate, references herein to the City National Series C Preferred Shares and RBC Series C-1 Preferred Shares shall also be considered to be references to the applicable depositary shares representing a one-fortieth interest in such City National Series C Preferred Shares or such RBC Series C-1 Preferred Shares, respectively.

Furthermore, each share of City National 6.750% Fixed Rate/Floating Rate Non-Cumulative Preferred Stock, Series D (a “City National Series D Preferred Share”), was cancelled, and RBC issued to each former holder of a City National Series D Preferred Share one share of RBC 6.75% Fixed Rate/Floating Rate Non-Cumulative Preferred Stock, Series C-2 (an “RBC Series C-2 Preferred Share”). Upon completion of the Merger, each depositary share representing a one-fortieth interest in a share of the corresponding City National Series C Preferred Shares prior to the Merger represents a one-fortieth interest in a share of RBC Series C-1 Preferred Share. For U.S. income tax purposes, holders of such depositary shares are treated as beneficial owners of the underlying preferred shares. Where appropriate, references herein to the City National Series D Preferred Shares and RBC Series C-2 Preferred Shares shall also be considered to be references to the applicable depositary shares representing a one-fortieth interest in such City National Series D Preferred Shares or such RBC Series C-2 Preferred Shares, respectively.

Form 9937 Part II, Line 15

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Further discussion of the tax consequences of the Merger can be found in the Form F-4 for the Company, as filed with the Securities and Exchange Commission on April 20, 2015, under the heading “The Merger—Material United States Federal Income Tax Consequences” (available at <https://www.sec.gov/Archives/edgar/data/1000275/000119312515138779/d875226df4a.htm>.)

Our outside counsel has opined that (i) the Merger constituted a “reorganization” under section 368(a) of the Internal Revenue Code, as amended (the “Code”) and (ii) the Merger did not result in gain recognition to the holders of City National common stock pursuant to Section 367(a) of the Code (assuming that, in the case of any such holder who would be treated as a “five-percent transferee shareholder” within the meaning of Treasury Regulations Section 1.367(a)-3(c)(5)(ii), such holder enters into a five-year gain recognition agreement in the form provided in Treasury Regulations Section 1.367(a)-8, as provided for in Treasury Regulations Section 1.367(a)-3(c)(1)(iii)(B), and complies with the requirements of that agreement and Treasury Regulations Section 1.367(a)-8 for avoiding the recognition of gain).

Assuming the opinions as to (i) and (ii) are correct, then:

- A holder receiving solely cash for its City National common stock pursuant to the Merger will recognize gain or loss equal to the difference between the amount of cash received by a holder of City National common stock and such holder's tax basis in such holder's shares of City National common stock.
- A holder receiving solely RBC common shares (or receiving RBC common shares and cash solely in lieu of fractional shares) in exchange for City National common stock will not recognize any gain or loss upon the Merger, except with respect to cash received in lieu of fractional shares of RBC common shares.
- A holder receiving RBC common shares and cash (other than solely in lieu of fractional shares) in exchange for shares of City National common stock pursuant to the Merger, will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the RBC common shares and cash received by a holder of City National common stock exceeds such holder's tax basis in its City National common stock, and (2) the amount of cash received by such holder of City National common stock (except with respect to any cash received instead of fractional share interests in RBC common shares).
- A holder's aggregate tax basis in the RBC common shares received in the Merger will be equal to the holder's aggregate tax basis in the City National common stock surrendered decreased by the amount of cash received in the Merger (except with respect to any cash received instead of fractional share interests in RBC common shares), decreased by any tax basis attributable to fractional share interests in RBC common shares for which cash is received, and increased by the amount of gain recognized on the exchange (regardless of whether such gain is classified as capital gain, or as ordinary dividend income, but excluding any gain or loss recognized with respect to fractional share interests in RBC common shares for which cash is received) (the "Adjusted Tax Basis").

Assuming the opinion as to (i) is correct, then:

- A holder whose City National Series D Preferred Share are exchanged for RBC Series C-2 Preferred Shares should not recognize any gain or loss upon the merger.
- A holder whose City National Series C Preferred Shares are exchanged for RBC Series C-1 Preferred Shares should recognize gain or loss equal to the difference between the value of the RBC Series C-1 Preferred Shares received and the holder's tax basis in its shares of City National Series C Preferred Shares. RBC intends to treat the exchange of City National Series C Preferred Shares for RBC Series C-1 Preferred Shares as an exchange for which gain or loss must be recognized.

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Under applicable federal income tax rules, the fair market value of each RBC common share received in the Merger is US\$57.16, based on the VWAP, discussed above.

Where one RBC common share is received in exchange for more than one share of City National common stock, the Adjusted Tax Basis must be allocated to the RBC common share received in a manner that reflects, to the greatest extent possible, the basis in the shares of City National common stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate the Adjusted Tax Basis in this manner, the tax basis in the City National common stock surrendered must be allocated to the RBC common shares in a manner that minimizes the disparity in the holding periods of the City National common stock whose basis is allocated to any particular RBC common share received.

A holder's basis in each RBC Series C-2 Preferred Share should be the same as its basis in the share of City National Series D Preferred Shares exchanged therefor.

A holder's basis in each RBC Series C-1 Preferred Share should be the fair market value of each City National Series C Preferred Share exchanged therefor. Under applicable federal income tax rules, RBC has determined the fair market value of each RBC Series C-1 Preferred Share to be US\$24.7881 based on the volume-weighted average market price of City National Series C Preferred Shares over the ten-trading-day period ending on the last full trading day immediately before the closing date of November 2, 2015 (October 30, 2015).