



Follow up Q&A from Conference Call related to acquisition of Ally Canada on October 23, 2012

All amounts are unaudited, in Canadian dollars unless otherwise noted. See Caution regarding forward-looking statements on page 2.

1. Summary of purchase price

Royal Bank of Canada (RY on TSX and NYSE) today announced a definitive agreement to acquire the Canadian auto finance and deposit business of Ally Financial Inc. ("Ally Canada") for a \$1.4 billion investment net of excess capital. Subject to certain closing adjustments and including the excess capital, this results in total consideration of \$3.1 to \$3.8 billion, depending on the size of the dividend taken out by the seller prior to closing.

| RBC Investment Consideration (C\$ billions) | Range | |
|--|---------------|---------------|
| Book value of Ally Canada (pre-dividend) | \$3.4 | \$3.4 |
| Premium paid to book value | \$0.6 | \$0.6 |
| | \$4.0 | \$4.0 |
| Dividends to be taken out by seller prior to closing (\$250 million at the low end and \$900 million at the high end) | \$0.90 | \$0.25 |
| Total Consideration at Closing | \$3.1 | \$3.8 |
| Net Investment is comprised of: | | |
| Goodwill & Intangibles | \$0.6 | \$0.6 |
| Capital required to support the business ⁽¹⁾ | \$0.8 | \$0.8 |
| Net Investment | \$1.4 | \$1.4 |
| Excess Capital | \$1.7 | \$2.4 |

⁽¹⁾ Based on Basel III Standardized capital requirements.

2. What are the credit losses of this business through the peak of the economic cycle?

- The credit performance of the acquired consumer portfolio has been strong and stable with loss rates in the 20 to 25 basis point range.
- Through the economic cycle, the portfolio's historical loss rates have been in the 20 to 40 basis point range, with a peak of 58 basis points in the second quarter of 2009.
- The acquired consumer portfolio is largely comprised of prime or super prime borrowers and less than 2% of the portfolio represents near/sub prime borrowers.

3. What are subvented loans?

- Subvented loans are low rate consumer auto loans subsidized by auto manufacturers and are standard across the auto industry
- These loans are offered to customers at highly competitive (often below market) interest rates as part of an automakers marketing campaign, acting as purchase incentives
- The lender is then reimbursed for the difference between the current market rate and the incentive rate, over the life of the loan, by the auto manufacturer



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this document may be deemed to be forward-looking statements under certain securities laws, including the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. These forward-looking statements include, but are not limited to, statements with the respect to the acquisition of Ally Financial Inc.'s (Ally) Canadian auto finance operations. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions and other forward-looking information, including statements with respect to the acquisition of Ally's Canadian auto finance operations by Royal Bank of Canada will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include, but are not limited to the possibility that the proposed transaction does not close when expected or at all because required regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, that Royal Bank of Canada and Ally may be required to modify the terms and conditions of the proposed transaction to achieve regulatory approval, or that the anticipated benefits of the transaction are not realized as a result of such things as the strength of the economy and competitive factors in the areas where Royal Bank of Canada and Ally do business; the impact of changes in the laws and regulations regulating financial services and enforcement thereof; the effects of competition in the markets in which Royal Bank of Canada and Ally operate; judicial or regulatory judgments and legal proceedings; Royal Bank of Canada's ability to complete the acquisition and integration of Ally's Canadian auto finance operations successfully; and other factors that may affect future results of Royal Bank of Canada and Ally's Canadian auto finance operations including timely development and introduction of new products and services, Royal Bank of Canada's ability to cross-sell more products to customers and technological changes.

We caution that the foregoing list of important factors is not exhaustive. Additional information about these and other factors can be found in our Q3 2012 Report to Shareholders and 2011 Annual Report to Shareholders. Our material general economic assumptions underlying the forward-looking statements in this document are set out in our 2011 Annual Report under the heading "Overview and Outlook" and for each business segment under the heading "Outlook and priorities" as updated under the heading "Economic, market and regulatory review and outlook" in our Q3 2012 Report to Shareholders. Except as required by law, Royal Bank of Canada assumes no obligation to update the forward-looking statements contained in this document.