



Royal Bank of Canada

RBC to Acquire Ally Canada

October 23, 2012

Caution regarding forward-looking statements



Certain statements contained in this presentation 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 about the expected effects of the acquisition of Ally Financial Inc.'s (Ally) Canadian auto finance operations, the expected timing and scope of the acquisition and other statements other than in relation to historical facts. 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 about 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 presentation 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 presentation.

Furtheres RBC's position as undisputed leader in Canada



- ✓ Aligns with RBC's goal of being a leading provider of financial services in Canada
- ✓ Positions RBC as a leader in auto finance market
- ✓ Consistent with Canadian Banking's strategy
- ✓ Delivers long-term strategic value

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Excellence in Canadian auto financing



- Leading Canadian auto finance company**
 - 90 years of experience in the Canadian market
 - Full service platform providing nationwide services to dealers and consumers
 - Industry leading sales, service, collections, and program collaboration expertise
- Strong and unique dealer-centric model**
 - Long-standing relationships with approximately 1,600 dealers across Canada, and inventory (floor plan) financing to more than 580 dealers
 - Preferred vehicle finance provider of GM and Chrysler
 - Dealer relationships provides strong distribution network for consumer business
- Significant consumer finance business**
 - Retail financing business with approximately 450,000 consumer loans
 - High quality loan book with strong historical performance
 - Provides a premier servicing experience and excellence in customer care

Ally Canada offers nationwide commercial and consumer auto financing

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Leadership in an attractive market



Market leading position

- Positions RBC as a leader in auto financing in Canada
- Receivables of approximately \$24 billion
- Offering floor plan financing to more than 890 dealerships
- Through approximately 4,000 auto dealerships, portfolio will have more than 1 million consumer loans

Attractive industry fundamentals

- Attractive industry with favourable market dynamics
- Auto loans as an asset class provide attractive risk-adjusted returns
 - Strong historical credit performance through economic cycles

Acquisition positions RBC as a leader in auto financing in Canada

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Executing on our Canadian Banking strategy



Building on leading market positions

- ✓ Expands distribution network and adds geographic depth
- ✓ Opportunity to leverage RBC's superior cross-sell capabilities to offer additional banking products to both consumers and auto dealerships
- ✓ RBC's agreement with GM Canada to become a subvented business provider presents access to new and attractive opportunities

Extending sales power

- ✓ Strong, long-tenured sales force that has developed deep relationships with auto dealerships
- ✓ Long standing relationships based on exceptional service and advice - aligned with RBC's vision of "earning the right to be our client's first choice"

Driving efficiencies and investing for future growth

- ✓ Leverages RBC's size and scale to drive efficiencies, integrate operations and improve the customer experience
- ✓ Provides long-term strategic value in an attractive market

Extending our leadership position and investing for future growth

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Transaction Summary



Description	RBC will acquire 100% of the Canadian auto finance and deposit business of Ally Financial Inc. ("Ally Canada") which consists of Ally Credit Canada Limited and ResMor Trust Company
Consideration	<p>\$1.4 billion investment, net of excess capital ⁽¹⁾</p> <p>Subject to certain closing adjustments and including the excess capital, this results in total consideration of \$3.1 billion to \$3.8 billion, depending on the size of the dividend taken out by the seller prior to closing ⁽²⁾</p>
Financing	Cash transaction; no equity issuance required
Closing Conditions	Subject to regulatory and other approvals
Expected Closing	First calendar quarter of 2013
RBC EPS Impact	Expected to be modestly accretive to earnings per share in the first 12 months after closing
Capital Impact	At closing it is expected to reduce RBC's July 31, 2012 Tier 1 capital ratio of 13% on a pro forma basis by approximately 60 bps. On an estimated Basel III basis, we expect our Common Equity Tier 1 ratio to remain above 8% following the close given our strong capital position and internal capital generation
Other Information	<p>The book value of Ally Canada was \$3.4 billion as at September 30, 2012, unadjusted for the pre-closing dividend. The net investment of \$1.4 billion includes a premium to book value of \$0.6 billion</p> <p>RBC expects the Ally Canada business to generate approximately \$120 million in net income on a standalone basis in the first 12 months after closing (before integration costs, amortization of intangibles and transaction costs, which are expected to impact 2013 earnings by approximately \$50 million), based on estimated average receivables of approximately \$9 billion</p>

(1) Based on Basel III standardized capital requirements. Based on Basel III Advanced Internal Rating-Based (AIRB) capital requirements, which we expect to utilize for Ally Canada by 2014, the net investment would be approximately \$1.1 billion.

(2) Amount of excess capital and total consideration will depend on the amount of the dividend taken out by the seller pre-closing which will vary between \$250 million and \$900 million.



Appendix

Auto finance business model



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