



Royal Bank of Canada to acquire HSBC Canada

Strategic expansion of our premium Canadian business

November 29, 2022

All amounts are in Canadian dollars unless otherwise indicated



Caution regarding forward looking information

This presentation contains forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation, with respect to Royal Bank of Canada’s (RBC) and HSBC Bank Canada’s (HSBC Canada) financial performance, beliefs, plans, expectations, and estimates. Forward-looking statements in this presentation may include, but are not limited to, statements with respect to the expected closing of the proposed transaction, plans for the combined operations of RBC and HSBC Canada, the financial, operational and capital impacts of the proposed transaction, our strategies or future actions, and our objectives and commitments. The forward-looking information contained in this presentation is presented for the purpose of assisting the holders of our securities and financial analysts in understanding the proposed transaction and may not be appropriate for other purposes. Forward looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “commit”, “target”, “objective”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “might”, “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 will not prove to be accurate, that our assumptions may not be correct, that our financial performance, environmental & social or other objectives, vision and strategic goals will not be achieved, and that our actual results may differ materially from such predictions, forecasts, projections, expectations or conclusions.

We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to: the possibility that the proposed transaction does not close when expected or at all because of the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the proposed transaction, including because required regulatory or other approvals and/or other conditions to closing are not received or satisfied on a timely basis or at all or are received subject to adverse conditions or requirements; the possibility that the anticipated benefits from the proposed transaction, such as being accretive to earnings per share (EPS), creating cross sell opportunities and growing our Canadian operations are not realized in the time frame anticipated or at all as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations (including changes to capital requirements) and their enforcement, and the degree of competition in the geographic and business areas in which RBC and HSBC Canada currently operate; the risk that any announcements relating to the proposed combination could have adverse effects on the market price of our shares; the possibility that the business of RBC and HSBC Canada may not perform as expected or in a manner consistent with historical performance; the ability to promptly and effectively integrate HSBC Canada; RBC’s ability to achieve its capital targets; RBC’s ability to cross-sell more products to customers; reputational risks and the reaction of HSBC Canada’s customers and employees to the transaction; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management time on transaction-related issues; material adverse changes in economic and industry conditions; general competitive, economic, political and market conditions; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; inflation; customer borrowing, repayment, investment and deposit practices; the impact, extent and timing of technological changes; capital management activities; and those other factors discussed in the risks sections and Impact of COVID-19 pandemic section of RBC’s 2021 Annual Report and the Risk management section of RBC’s Q3 2022 Report to Shareholders, and the factors discussed in the Risk section and Impact of COVID-19 and our response section of HSBC Canada’s Annual Report and Accounts 2021 and the Risk section of HSBC Canada’s Third Quarter 2022 Interim Report all of which outline certain key factors and risks that may affect our future results and our ability to anticipate and effectively manage risks arising from all of the foregoing factors.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward looking-statements contained in this presentation are set out in the Economic, market and regulatory review and outlook section and for each business segment under the Strategic priorities and Outlook sections in RBC’s 2021 Annual Report, as updated by the Economic, market and regulatory review and outlook section of RBC’s Q3 2022 Report to Shareholders. Assumptions about RBC’s and HSBC Canada’s current and expected financial performance including balance sheet, income statement and regulatory capital figures, expected capital availability for the proposed transaction, expected closing date of the proposed transaction, expected expense synergies (and timing to achieve), integration and restructuring costs and process, alignment of organizational responsibilities, estimated purchase price accounting (including fair value and credit marks), foreign exchange rates, our assumed terminal value multiple, and future regulatory capital requirements, including the Office of the Superintendent of Financial Institutions’ announced Basel III reforms effective in the second quarter of fiscal 2023, were considered in making the forward-looking statements in this presentation including estimating the pro forma financial impacts to RBC (i.e. the EPS accretion, EPS synergies, NIAT synergies, internal rate of return to RBC, return on tangible common equity), the expected purchase accounting impacts to RBC and the expected capital impact to RBC.

Any forward-looking statements contained in this document represent the views of RBC as of the date hereof. Except as required by law, RBC does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf.

Strategic Overview

Dave McKay

President and Chief Executive Officer



Strategic expansion of our premium Canadian business

Enhanced value proposition across a wider client base

- Positions RBC as the **bank of choice for newcomers and commercial clients with international needs**
- Well-positioned to serve **affluent clients who need global banking and wealth management capabilities**
- RBC clients gain access to HSBC Canada's **trade finance and cash management capabilities**
- **Expanding product suite and distribution channels** for HSBC Canada's clients

Creating long-term value for shareholders

- Strategic deployment of excess capital to drive **future growth with attractive financial returns**
- Value creation through **significant efficiencies**
- Complementary capabilities allowing for potential **cross-sell opportunities**
- Integration risks mitigated by market familiarity, **disciplined risk management and a strong balance sheet**

Helping communities prosper

- **Strong cultural fit**, with a shared focus on **sustainability and diversity & inclusion**
- **Commitment to offering an exceptional work experience** increases likelihood of a successful integration
- **Generating increased earnings power** by adding a higher-return Canadian earnings stream
 - RBC donates 1% of its Canadian net income before tax to help our communities grow with us
 - Supports dividends to shareholders, majority of whom are Canadians
 - RBC is one of the largest taxpayers in Canada

HSBC Canada: A well-established, premier personal and commercial bank

Overview

- Operating in Canada since 1981
- Strong commercial banking capabilities
- Affluent and globally-connected clients
- Well-diversified loan book and an attractive deposit base
- Innovative investments to improve the digital experience
- Track record of consistent and profitable growth
- Disciplined credit and risk culture
- Purpose-driven enterprise

Canadian Awards and Recognition⁽¹⁾



Euromoney

- Trade Finance Market Leader and Best Service Awards in Canada



Cosmopolitan The Daily Business Awards

- Best Small Business Bank in Canada
- Best International Onboarding Experience



Global Private Banking Innovation Awards

- Outstanding Client Experience in Wealth Management

Key Metrics⁽²⁾

Well-diversified balance sheet

\$134BN
Total Assets

\$76BN
Net Loans

\$82BN
Deposits

Focused market presence and distribution

~130
Branches

~4,200
Employees
(FTE)

~75%
Loans in B.C.
and Ontario

Globally connected business and affluent clients

770k+
Retail
Clients⁽³⁾

12k+
Commercial
Clients⁽³⁾

\$19BN
Assets Under
Management⁽³⁾⁽⁴⁾

Strong profitability and balance sheet

14%
LTM ROE⁽⁴⁾

12 bps⁽⁵⁾
LTM PCL Ratio⁽⁶⁾

~11%
CET1 ratio⁽⁴⁾

Attractive funding and liquidity profile

153%
Liquidity Coverage
Ratio⁽⁴⁾

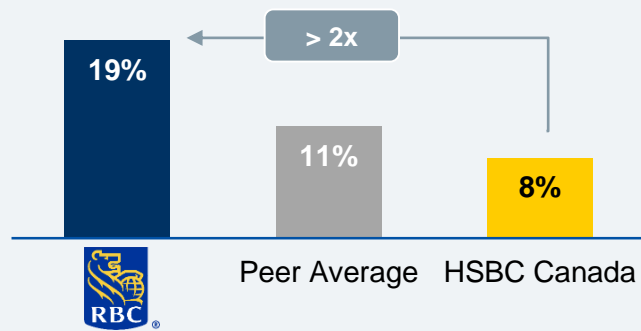
122%
Net Stable
Funding Ratio⁽⁴⁾

93%
Loan-to-Deposit
Ratio⁽⁴⁾

(1) Data sourced from HSBC Canada's 2021 Annual Report. (2) Key HSBC Canada metrics are as at September 30, 2022 unless otherwise noted. (3) Statistics as at June 30, 2022. (4) Refer to Glossary on slides 22-23 for explanation of composition of this measure. (5) Basis points (bps). (6) See note 1 on slide 21.

Leveraging broader set of products and capabilities across a wider customer base

Percent of clients with transaction, investments, borrowing & card products⁽¹⁾



RBC recognized for award-winning client service

Customer Service Award Winner among the big 5 retail banks – Recognized in all 11 categories of the 2022 Ipsos Financial Service Excellence Awards

Best in Customer Satisfaction among Canada's big 5 retail banks by J.D. Power

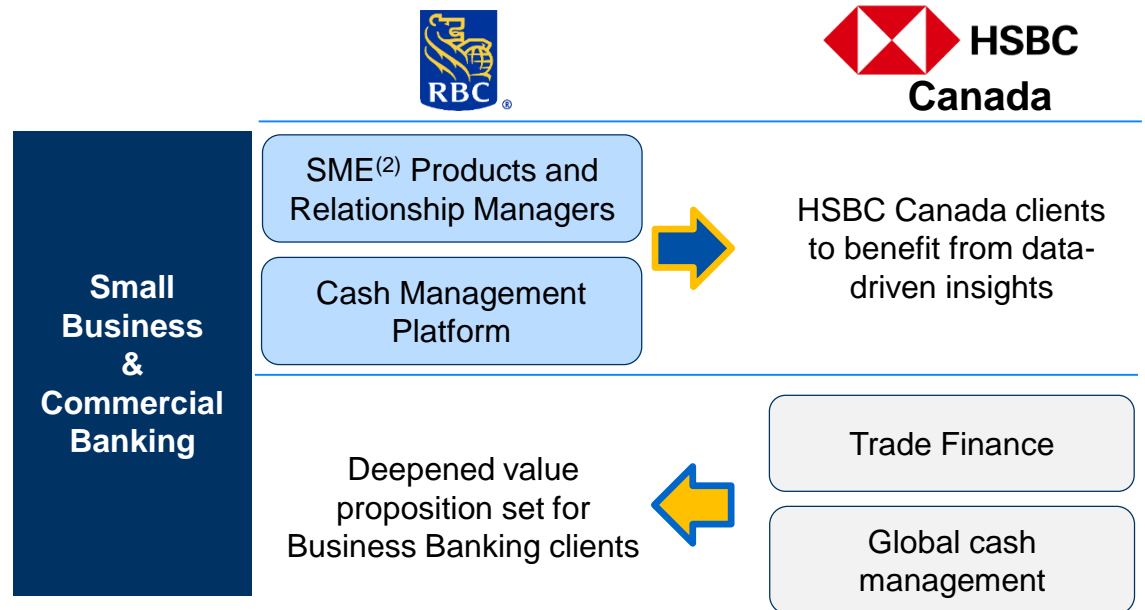
J.D. Power Canada award for **Best in Customer Satisfaction** for its mobile banking app

Best **Global Retail Bank** at the RBI Global Retail Banking awards

RBC Dominion Securities ranked **highest among Canadian bank-owned investment brokerage firms** in the Investment Executive Brokerage report card

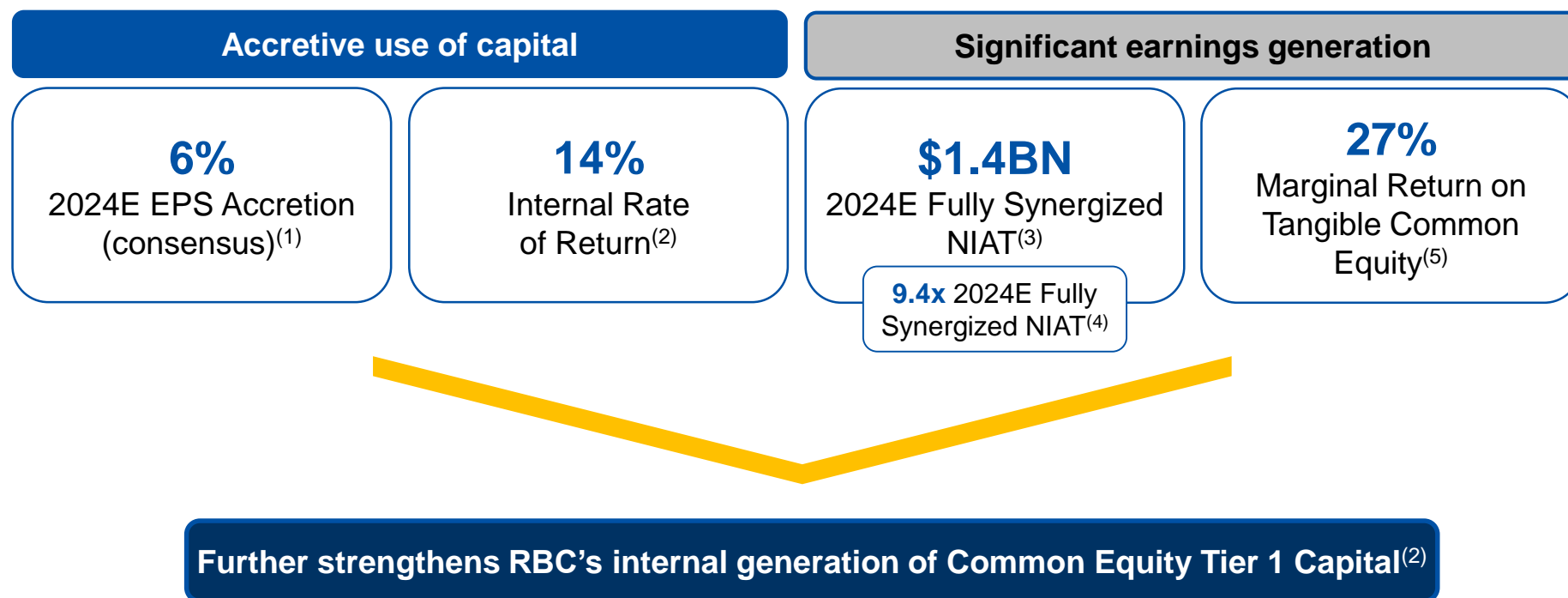
Outstanding Global Private Bank in North America at the Private Banker International Global Wealth Awards

Complementary capabilities allowing for potential cross-sell opportunities



(1) See note 2 on slide 21. (2) Small and medium enterprise.

Accretive deployment of capital to create shareholder value



(1) Before taking into consideration estimated purchase accounting impacts. See slide 19 for more details. (2) Refer to Glossary on slides 22-23 for explanation of composition of this measure. (3) See note 3 on slide 21. (4) See note 4 on slide 21. (5) This is a non-GAAP measure. See note 5 on slide 21.

Recent acquisitions have expanded our affluent and HNW client franchises



Strategically enhances and complements RBC's presence and delivers long-term strategic value

HSBC Canada: A strong cultural fit with shared values and focus on sustainability

Best 50 Corporate Citizens Canada

Corporate Knights⁽¹⁾

Excellence in Governance Diversity, Equity and Inclusion

Governance Professionals of Canada⁽¹⁾

A diverse and inclusive organization

67%

Women in executive
management positions

44%

Women on the Board
of Directors

11%

BIPOC in executive
management positions

Supporting clients through the transition to net zero

1st

Bank in Canada to apply sustainable
finance market principles to both
trade and deposit products

~US\$4BN

Sustainable finance and
investment provided since 2020⁽²⁾

\$775k

Donations to climate tech
venture accelerators

Note: Data sourced from HSBC Canada's 2021 Annual Report and Factbook. (1) Awarded for 2021. (2) See note 6 on slide 21.

Retail and Business Banking

Neil McLaughlin

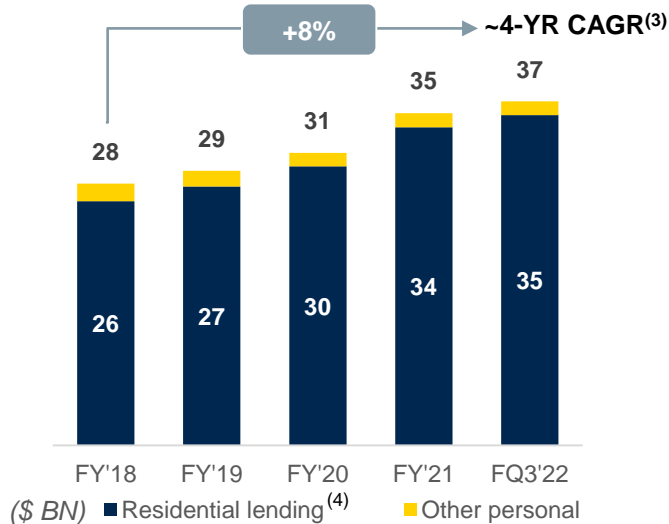
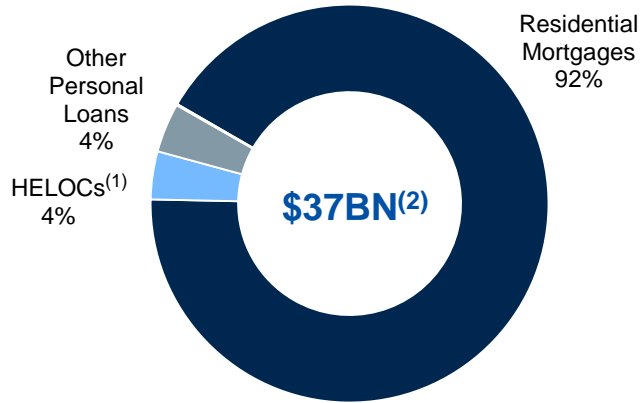
Group Head, Personal & Commercial Banking



HSBC Canada: Leading bank of choice for newcomers and globally connected clients

Attractive Retail Franchise with Premium Clients

Retail Lending



High Quality Retail Clients

Largely urban-based with a focus on affluent clients

~40%
Affluent clients⁽⁵⁾⁽⁶⁾

770k+
Retail clients⁽⁵⁾

60%+
Globally-connected⁽⁵⁾⁽⁷⁾

HSBC Canada has a premium client profile

Globally Connected Clients

Positions RBC to be the bank of choice for newcomers to Canada

RBC leveraging existing strategic partnerships



Collaborate to create a seamless banking experience for newcomers to Canada

\$43BN

Client Deposits⁽²⁾

\$19BN

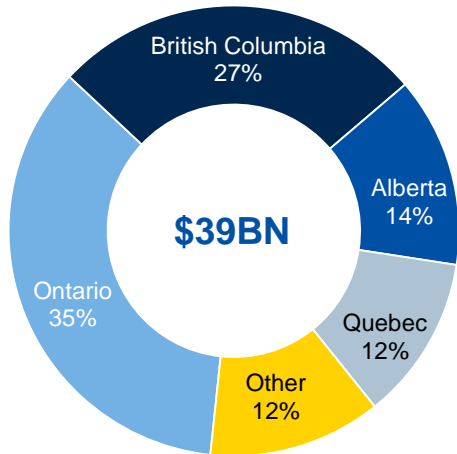
Assets under Management⁽⁵⁾

Note: Data is sourced from HSBC Canada's company reports. (1) Home Equity Line of Credit (HELOC). (2) Statistics as at September 30, 2022. (3) Compound Annual Growth Rate (CAGR) from FY'18 to FQ3'22. (4) Residential lending includes mortgages and HELOCs. (5) Statistics as at June 30, 2022. (6) See note 7 on slide 21. (7) See note 8 on slide 21.

HSBC Canada: Provides differentiated commercial banking capabilities

Strong Business Banking Capabilities⁽¹⁾⁽²⁾

Well-diversified business loan portfolio



High Quality Commercial Clients

Strong connectivity with relationship managers

12k+

Commercial Clients⁽⁴⁾⁽⁵⁾

~80%

Long-Tenured Clients⁽⁴⁾⁽⁶⁾

~90%

Relationship Managers with over 5 years experience⁽⁴⁾⁽⁷⁾

\$39BN

Deposits⁽¹⁾⁽⁸⁾

Globally Connected Clients

Positions RBC to be the bank of choice for commercial clients with international needs

Global trade and receivables finance

Global liquidity and cash management

Foreign exchange trading

Sustainable finance

Positions RBC as the bank of choice for commercial clients with international needs

50%+

of commercial banking clients are globally-connected⁽⁹⁾⁽¹⁰⁾

Note: Data is sourced from HSBC Canada's company reports. (1) Statistics as at September 30, 2022. (2) Wholesale loan portfolio. (3) Combination of Commercial and Global Banking does not add up to total wholesale loan portfolio as a small portion of wholesale loan book is included in Wealth and Personal Banking. (4) Statistics as at June 30, 2022. (5) See note 9 on slide 21. (6) See note 10 on slide 21. (7) See note 11 on slide 21. (8) See note 12 on slide 21. (9) See note 13 on slide 21. (10) See note 8 on slide 21.

Financial Review

Nadine Ahn

Chief Financial Officer



Transaction overview

Key Financial Terms and Structure

- RBC to acquire 100% of the common shares of HSBC Canada for \$13.5 billion in cash
- RBC will purchase at par HSBC Canada's outstanding preferred shares and subordinated debt held by HSBC
- HSBC Canada's earnings from June 30, 2022 through close accrue to RBC⁽¹⁾
- P / 2024E Fully Synergized NIAT⁽²⁾ of 9.4x and P / TBV⁽³⁾ at close of 2.5x

Synergies and Merger Expenses

- Identified expense synergies of \$740 million equal to 55% of HSBC Canada's 2024E non-interest expense base
 - 20% realized in Year 1 and >95% realized in Year 2
- Cross-sell opportunities identified, but not modeled
- Pre-tax acquisition and integration costs of ~\$1 billion⁽⁴⁾
 - Expected to incur 25% by close; remaining 75% in Year 1

Expected Financial Impact

- Pro forma CET1 ratio expected to exceed 11.5% at close
- 2024E EPS accretion (consensus) of 6%⁽⁵⁾; 14% IRR
- \$1.4 billion NIAT⁽⁵⁾⁽⁶⁾ in 2024E with fully phased-in synergies

Estimated Purchase Accounting Impacts⁽⁴⁾

- Gross credit markdown⁽³⁾ estimate of ~\$400 million pre-tax, representing 0.5% of HSBC Canada's gross loans
 - ~\$300 million allocated to performing loans (expected to be accreted back over 3 years)
- Loan interest rate markdown⁽³⁾ of ~\$1.4 billion pre-tax (expected to be accreted back over 3 years)
- Interest rate markup⁽³⁾ on liabilities of ~\$750 million pre-tax (expected to be accreted back over 2 years)
- ~\$2.8 billion identifiable intangibles amortized over 10 years

Approvals & Timing

- Approved by the Boards of Directors of RBC and HSBC Holdings plc
- No RBC or HSBC Holdings plc shareholder approvals required
- Customary closing conditions including regulatory approvals with anticipated closing by late 2023

(1) Excludes a \$90 million dividend paid by HSBC Canada in the third quarter of 2022 (2) See note 4 on slide 21. (3) Refer to Glossary on slides 22-23 for explanation of composition of this measure. (4) These are preliminary estimates based on due diligence and management projections. (5) See slide 19 for further details. (6) Net income after tax (NIAT).

Compelling opportunity to drive significant expense synergies

Contained integration risk

In-market transaction with significant footprint overlap

Complementary capabilities

Cultural alignment

Strong alignment on governance and risk management

Experienced leaders and personnel to oversee integration and conversion of systems

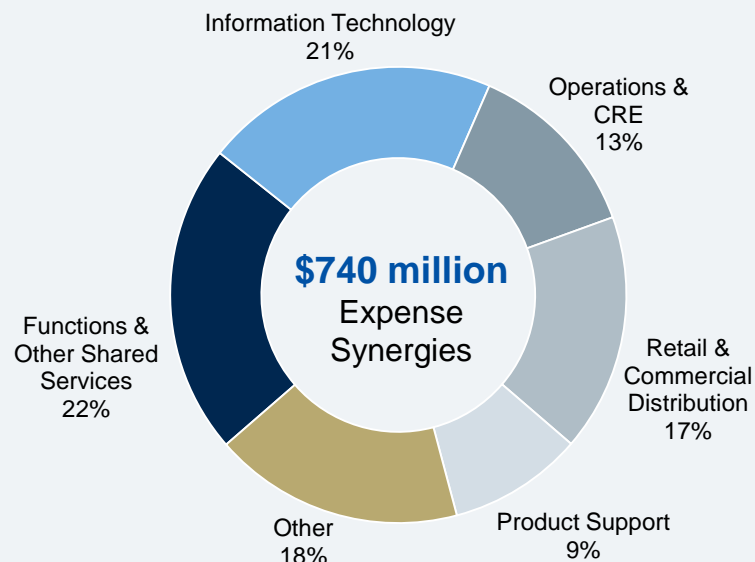
Thoughtful, senior management-led integration plan

Acquisition and Integration costs⁽¹⁾

- ~\$1BN of acquisition and integration costs
- Expected to incur 25% by close; remaining 75% in Year 1

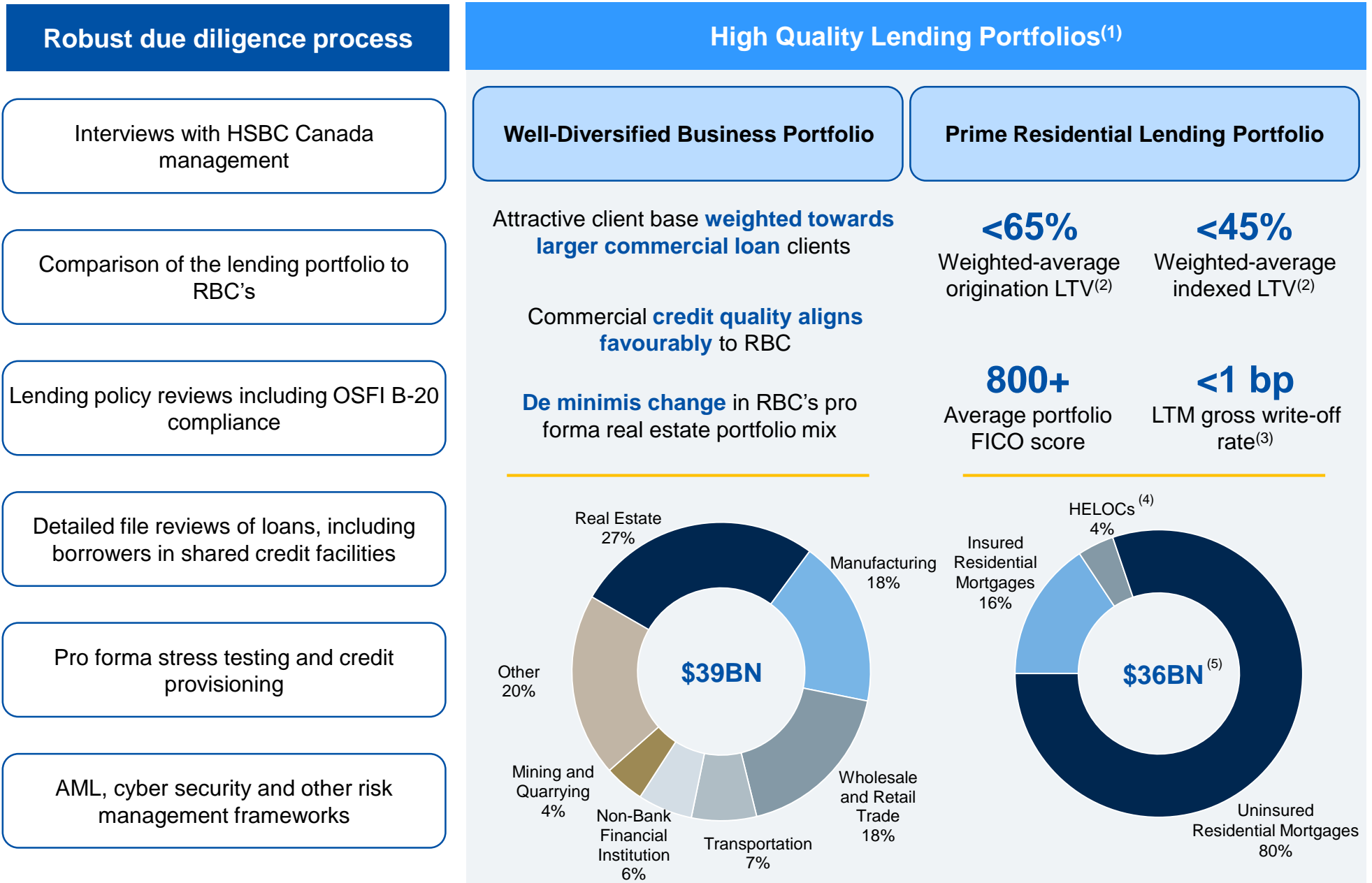
Highly achievable expense synergies

- \$740MM of estimated expense synergies
 - 55% of HSBC Canada's estimated 2024E non-interest expense base
 - Fully phased-in by end of Year 1 and >95% realized in Year 2
- Migration of products onto our systems



⁽¹⁾ These are preliminary estimates based on due diligence and management projections.

HSBC Canada: A well-established risk management program and mature risk culture



Note: Data is sourced from HSBC Canada's company reports. (1) Statistics as at September 30, 2022. (2) See note 14 on slide 21. (3) See note 15 on slide 21. (4) Home Equity Line of Credit. (5) Residential mortgages and HELOC include wholesale lending and personal lending exposures.

Strategic expansion of our premium Canadian business

Enhanced value proposition across a wider client base

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Helping communities prosper

- **Strong cultural fit**, with a shared focus on **sustainability and diversity & inclusion**
- **Commitment to offering an exceptional work experience** increases likelihood of a successful integration
- **Generating increased earnings power** by adding a higher-return Canadian earnings stream
 - RBC donates 1% of its Canadian net income before tax to help our communities grow with us
 - Supports dividends to shareholders, majority of whom are Canadians
 - RBC is one of the largest taxpayers in Canada

Appendix

Pro forma earnings profile

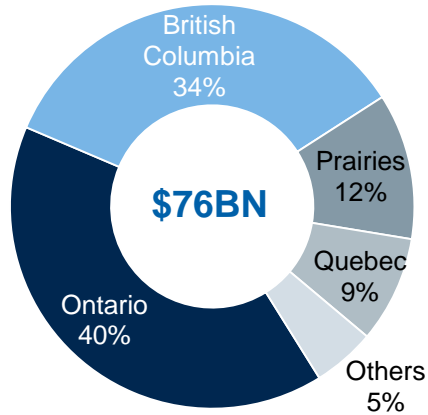
HSBC Canada (\$MM)	2024E Fully Phased-In Expense Synergies ⁽¹⁾	
	Including Estimated Purchase Accounting Impacts	Before Estimated Purchase Accounting Impacts
Revenue Net of Provisions for Credit Losses	\$2,629	\$2,629
Non-Interest Expenses	(1,340)	(1,340)
Net Income Before-Tax	\$1,289	\$1,289
Net Income After-Tax	\$932	\$932
Pro Forma Adjustments		
Expense Synergies	\$740	\$740
Purchase Accounting Mark Accretion (Gross Credit Mark + Interest Rate Mark)	192	-
Other	(19)	(19)
Pro Forma Adjustments (Before-Tax)	\$913	\$721
Pro Forma Adjustments (After-Tax)	\$660	\$521
Preferred Dividends	(\$25)	(\$25)
HSBC Canada Pro Forma Adjusted Net Income After-Tax⁽²⁾	\$1,567	\$1,429
RBC 2024E Consensus Standalone Net Income After-Tax ⁽³⁾	\$16,956	\$16,956
Illustrative Financing Cost ⁽⁴⁾	(300)	(300)
RBC Pro Forma Adjusted Net Income After Tax⁽²⁾	\$18,223	\$18,084
Fully Diluted Shares Outstanding ⁽⁵⁾	1,386	1,386
RBC Pro Forma 2024E EPS	\$13.15	\$13.05
RBC 2024E Consensus Standalone EPS ⁽³⁾	\$12.30	\$12.30
2024E EPS Accretion (Consensus)	6.9%	6.1%

EPS Impact Based on Consensus View

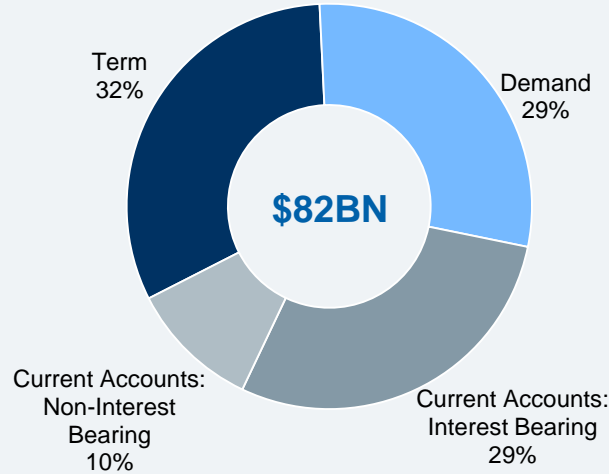
(1) Excludes acquisition, integration costs and intangible amortization. (2) Adjusted NIAT is a non-GAAP measure. See slide 24 for more information. (3) Based on analyst expectations for earnings per share, share buybacks and adjusted net income for 2024. Adjusted NIAT and EPS are non-GAAP numbers. See slide 24 for more information. (4) Cost of cash on purchase price, excluding portion of purchase price assumed to be funded with foregone standalone buybacks. (5) For the purpose of this analysis, assumes no share repurchases between announcement and October 31, 2024.

HSBC Canada: Strong funding profile supports organic loan growth

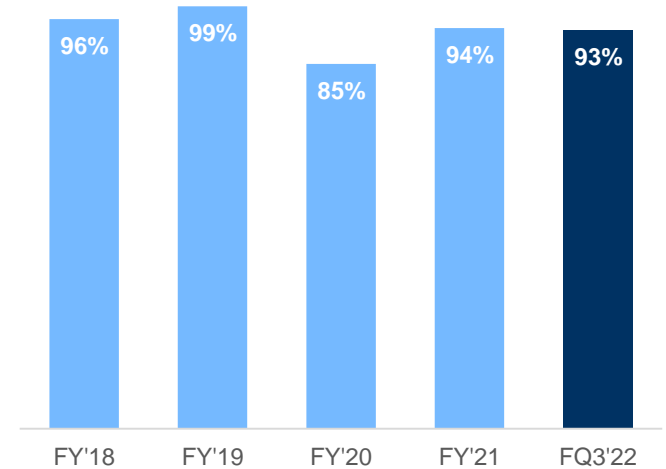
Loans by Geography



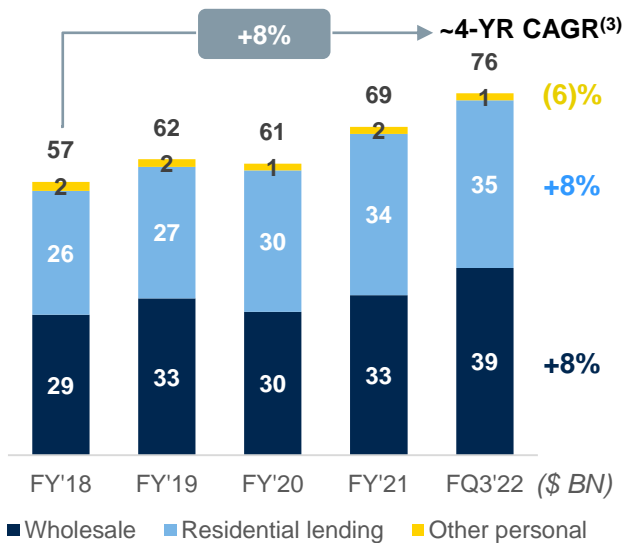
Deposits by Type



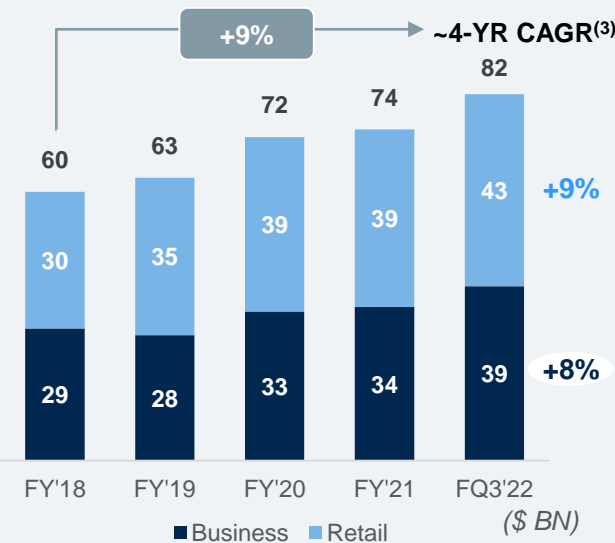
Loan-to-Deposit Ratio



Loan Growth⁽¹⁾



Deposit Growth⁽²⁾



Key Ratios

93%

Loan-to-Deposit Ratio

2/3rds

Non-interest bearing, low-cost deposits⁽⁴⁾

153%

Liquidity Coverage Ratio

122%

Net Stable Funding Ratio

Note: All data on this slide is at September 30, 2022 unless otherwise indicated. Data is sourced from HSBC Canada's company reports. (1) Totals may not add due to rounding. See note 16 on slide 21. (2) Totals may not add due to rounding. See note 17 on slide 21. (3) Compound Annual Growth Rate (CAGR) from FY'18 to FQ3'22. (4) See note 18 on slide 21.

Additional Notes

Slide 5

1. PCL ratio is calculated as total provision for credit losses as a percentage of average net loans and acceptances.

Slide 6

2. Canadian Financial Monitor by Ipsos – approx. 20,700 Canadian individuals – data based on Peer Group results for the 12-month period ending July 2022. TFSA is considered an investment. Peer Group includes BMO, BNS, CIBC and TD.

Slide 7

3. Reflects RBC management's estimates for HSBC Canada's 2024 adjusted earnings assuming fully realized expense synergies
For reconciliation, see slide 19.
4. Fully synergized P/E is calculated by dividing the purchase price of \$13.5 billion for the common shares of HSBC Canada by RBC management's estimates for HSBC Canada's 2024 adjusted earnings assuming fully realized expense synergies. For reconciliation, see slide 19.
5. Return on tangible common equity (ROTCE) is calculated as net income available to shareholders excluding the after-tax impact of amortization and write down of other intangibles (excluding software) and goodwill divided by average tangible common equity. ROTCE is based on actual balances of average tangible common equity before rounding.

Slide 9

6. In 2021, HSBC Canada provided US\$2.3BN in sustainable financing, up 67% compared to 2020 at US\$1.4BN.

Slide 11

7. Affluent defined as clients with >\$100k in deposits / investments or >\$500k mortgage.
8. Globally-connected clients are defined as those that are a) foreign-born Canadian residents, b) non-resident Canadians, and/or c) multi-country clients.

Slide 12

9. Commercial clients represents the number of commercial / corporate entity relationships HSBC Canada serves.
10. Long-tenured client relationships are defined as client relationships exceeding a duration of 5 years.
11. Relationship managers are defined as primary owners of client relationships across large corporate, mid-market and business bankers.
12. Reflects Commercial Banking + Global Banking Customer accounts (deposits).
13. Percentage of commercial banking clients that are globally-connected as measured by revenues, H1 2021.

Slide 16

14. Weighted-Average LTVs do not include Insured Mortgages.
15. Gross write-off ratio is calculated as gross write-off on residential mortgages as a percentage of average residential mortgage balances.

Slide 20

16. HSBC Canada's loan book is grouped into three loan categories: Wholesale which includes Corporate and Commercial loans; Residential lending which includes residential mortgages and HELOCs; and all other personal loans.
17. HSBC Canada deposits are grouped into two categories: Business and Personal. Personal deposits are comprised of deposits from the Wealth and Personal Banking segment while Business deposits include deposits from Commercial Banking, Global Banking, Markets and Securities Services and Corporate.
18. Non-interest bearing, low-cost deposits include all of HSBC Canada's deposits excluding term deposits.

Glossary (1/2)

Assets under management (AUM):

- Assets managed by HSBC Canada, which are beneficially owned by clients. Services provided in respect of assets under management include the selection of investments and the provision of investment advice.

Common equity tier 1 (CET1) capital (under OSFI):

- CET1 capital is a regulatory Basel III capital measure comprised mainly of common shareholders' equity less regulatory deductions and adjustments for goodwill and intangibles, defined benefit pension fund assets, shortfall in allowances and other specified items.

Common equity tier 1 (CET1) ratio (under OSFI):

- A risk-based capital measure calculated as CET1 capital divided by risk-weighted assets. CET1 capital is a regulatory Basel III capital measure comprised mainly of common shareholders' equity less regulatory deductions and adjustments for goodwill and intangibles, defined benefit pension fund assets, shortfall in allowances and other specified items.

Common equity tier 1 (CET1) ratio (under CRR II):

- A measure of CET1 capital expressed as a percentage of total risk exposure amount. CET1 capital is the highest quality form of regulatory capital under CRR II that comprises common shares issued and related share premium, retained earnings and other reserves, less specified regulatory adjustments.

Core deposit intangibles:

- Represents the value of the depository customer relationships obtained in a bank acquisition.

Efficiency ratio:

- Non-interest expense divided by total revenue.

Gross credit mark

- Represents a fair value adjustment on HSBC Canada's assets based on an estimate of the future credit losses to be realized over the life of the acquired assets.

Interest rate mark:

- Represents a fair value adjustment on the carrying value HSBC Canada's assets and liabilities held at amortized cost to account for the difference between current market rates and stated rates.

Internal Rate of Return (IRR):

- The internal rate of return (IRR) is the discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

Leverage ratio:

- A Basel III regulatory measure, the ratio divides Tier 1 capital by the sum of total assets plus specified off-balance sheet items. Tier 1 capital comprises predominantly of CET1 capital, with additional Tier 1 items such as preferred shares, limited recourse capital notes and non-controlling interests in subsidiaries Tier 1 instruments.

Liquidity coverage ratio (LCR):

- The Liquidity Coverage Ratio is a Basel III metric that measures the sufficiency of HQLA available to meet net short-term financial obligations over a thirty day period in an acute stress scenario.

Glossary (2/2)

Loan-to-Deposit Ratio:

- Total Net loans divided by total customer accounts (deposits).

Net Stable Funding Ratio

- The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. Available stable funding would include items such as equity capital, preferred stock with a maturity of over one year and liabilities with an assessed maturity of over one year.

Return on common equity (ROE):

- Net income available to common shareholders, expressed as a percentage of average common equity.

Tangible book value (TBV):

- Calculated by subtracting goodwill and intangibles from common equity.

Note to users

We use a variety of financial measures to evaluate our performance and the impact of the proposed transaction as described herein. In this document we use certain key performance and non-GAAP measures, including forward-looking non-GAAP measures, that we believe provide useful information to investors. Readers are cautioned that key performance measures and non-GAAP measures, including EPS accretion and return on tangible common equity, do not have any standardized meanings prescribed by GAAP, and therefore may not be comparable to similar measures disclosed by other financial institutions.

Certain of the forward-looking estimated adjusted results presented in this document are based on analyst consensus estimates of RBC's future adjusted results as indicated, and we caution that the methodology applied by analysts to estimate those results may not be consistent with RBC's methodology.

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