No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or for the account or benefit of U.S. persons. See "Plan of Distribution".

Short Form Prospectus

New Issue June 14, 2004

Royal Bank of Canada
$600,000,000
Series 2014-1 Reset Subordinated Debentures

(Subordinated Indebtedness)

To be dated June 18, 2004 To mature June 18, 2103

From June 18, 2004 until June 18, 2103, we will pay interest on the Series 2014-1 Reset Subordinated Debentures (the "Notes") in equal (subject to the reset of the interest rate) semi-annual instalments on June 18 and December 18 of each year, with the first payment on December 18, 2004. From the date of issue to, but excluding, June 18, 2014 the interest rate on the Notes will be fixed at 5.95% per annum. Starting on June 18, 2014 and on every fifth anniversary of such date thereafter until June 18, 2099 (each such date, an "Interest Reset Date"), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield plus 1.72%. See page 7 for a definition of Government of Canada Yield. Assuming the Notes are issued on June 18, 2004, the first interest payment on the Notes on December 18, 2004 will be in an amount of $29.75 per $1,000 principal amount of Notes. The Notes will mature on June 18, 2103. We may defer interest payments on the Notes under certain circumstances. See "Description of Notes – Interest Deferral Right".

The Notes are our direct unsecured obligations, constitute subordinated indebtedness for the purposes of the *Bank Act* (Canada) and will **not constitute insured deposits under the *Canada Deposit Insurance Corporation Act***.

If the Superintendent of Financial Institutions (Canada) (the "Superintendent") takes control of the Bank, if an application for a winding-up order in respect of the Bank is filed by the Attorney General of Canada, or if a winding-up order in respect of the Bank is granted by a court, the Notes will automatically convert into non-cumulative First Preferred Shares, Series V of the Bank. See "Description of Notes – Automatic Conversion" and "Risk Factors".

The Notes will be issued only in denominations of $1,000 and integral multiples thereof.

On and after June 18, 2009, we may, with the prior approval of the Superintendent, redeem all or a portion of the Notes. Prior to June 18, 2009 upon the occurrence of certain regulatory and tax events, we may, with the approval of the Superintendent, redeem all of the Notes. Redemptions on any day other than an Interest Reset Date will be at a redemption price equal to the greater of par and the Canada Yield Price, together in each case with accrued and unpaid interest to, but excluding, the date of redemption. See page 8 for a definition of Canada Yield Price. Redemptions on any Interest Reset Date will be at par together with accrued and unpaid interest to, but excluding, the date of redemption. At any time after June 18, 2009, with the prior approval of the Superintendent, we may also purchase any Notes for cancellation.

An investment in the Notes is subject to certain risks. See "Risk Factors".

	Price to public	Underwriters' fee	Net proceeds to Bank
Per $1,000 principal amount of Notes …	$1,000	$7.50	$992.50
Total ……	$600,000,000	$4,500,000	$595,500,000

The underwriters of this offering of Notes are RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Desjardins Securities Inc. and Laurentian Bank Securities Inc. The underwriters, as principals, conditionally offer the Notes, subject to prior sale if, as and when issued by us and accepted by the underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Bank by Ogilvy Renault and on behalf of the underwriters by Stikeman Elliott LLP . **RBC Dominion Securities Inc. is a wholly-owned subsidiary of the Bank. Therefore, the Bank is a related and connected issuer of RBC Dominion Securities Inc. under applicable securities legislation.** See "Plan of Distribution".

In connection with this offering, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Notes at levels other than those which otherwise might prevail on the open market. Throughout the period of distribution, such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus.

Subscriptions will be received by the underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on June 18, 2004, or such later date as we and the underwriters may agree, but in any event not later than July 27, 2004. The Notes will be issued in "book-entry only" form. A certificate for the aggregate principal amount of the Notes will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS or its nominee on the closing date. No physical certificates evidencing the Notes will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers will receive only a customer confirmation from the underwriter or other registered dealer who is a participant in the depository service of CDS and from or through whom a beneficial interest in the Notes is purchased. See "Description of the Notes".

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In this prospectus, unless the context otherwise indicates, the “Bank”, “we”, “us” or “our” means Royal Bank of Canada and “RBC” means Royal Bank of Canada together with all of its subsidiaries. All dollar amounts referred to in this prospectus are expressed in Canadian dollars unless otherwise specifically expressed.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus, and in certain documents incorporated by reference in this prospectus, are forward-looking statements. These forward-looking statements include, among others, statements with respect to our objectives for the year, and the medium and long terms, and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general and the strength of the local economies within Canada in which we conduct operations; the strength of the United States economy and the economies of other nations in which we conduct significant operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States; changes in trade policy; the effects of competition in the markets in which we operate; inflation; capital market and currency market fluctuations; the timely development and introduction of new products and services in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; our ability to complete strategic acquisitions and to integrate acquisitions; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism; and our anticipation of and success in managing the risks implicated by the foregoing. See "Risk Factors".

We caution that the foregoing list of important factors is not exhaustive. When relying on our forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on our behalf, except as otherwise required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

We file annual and quarterly financial information, material change reports and other information with the securities commission or similar authority in each of the provinces and territories of Canada (the “Commissions”). The Commissions allow us to “incorporate by reference” the information we file with them, which means that we can disclose important information to you by referring you to those documents. Information that is incorporated by reference is an important part of this prospectus. Copies of the documents incorporated by reference may be obtained on request without charge from the Senior Vice-President, Investor Relations, Royal Bank of Canada, 123 Front Street West, 6th Floor, Toronto, Ontario M5J 2M2, telephone (416) 955-7803 or fax (416) 955-7800. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Senior Vice-President, Investor Relations at the above-mentioned address and telephone or fax number.

We incorporate by reference the documents listed below which documents have been filed with the Superintendent and the Commissions:

(a) our annual information form dated December 16, 2003;

(b) our audited consolidated financial statements as at October 31, 2003 and 2002 and for each of the years in the three-year period ended October 31, 2003, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), together with management's discussion and analysis as contained in our Annual Report for the year ended October 31, 2003;

(c) our audited consolidated financial statements as at October 31, 2003 and 2002 and for each of the years in the three-year period ended October 31, 2003, prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), together with management's discussion and analysis as contained in our Annual Report for the year ended October 31, 2003;

(d) the auditor's reports issued to the shareholders of the Bank on the consolidated financial statements as at October 31, 2003 and for the year then ended;

(e) the auditor's reports issued to the shareholders of the Bank on the consolidated financial statements as at October 31, 2002 and for each of the years in the two-year period then ended;

(f) our management proxy circular dated January 5, 2004 in connection with the Bank's annual meeting of shareholders held on February 27, 2004, excluding those portions which, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference;

(g) our unaudited interim consolidated financial statements for the three and six-month periods ended April 30, 2004 with comparative consolidated financial statements for the three and six-month periods ended April 30, 2003, prepared in accordance with Canadian GAAP, together with management's discussion and analysis as contained in the Bank's Second Quarter 2004 Report to Shareholders; and

(h) our unaudited interim consolidated financial statements for the three and six-month periods ended April 30, 2004 with comparative consolidated financial statements for the three and six-month periods ended April 30, 2003, prepared in accordance with U.S. GAAP, together with management's discussion and analysis as contained in the Bank's Second Quarter 2004 Report to Shareholders.

Any documents of the type referred to in the preceding paragraph and any material change reports filed by the Bank with a Securities Commission after the date of this prospectus and prior to the completion or withdrawal of the offering, are deemed to be incorporated by reference in this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus or contained in this prospectus is deemed to be modified or superseded, for purposes of this prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

ELIGIBILITY FOR INVESTMENT

The eligibility of the Notes for investment by purchasers to whom any of the following statutes apply is, in certain cases, governed by criteria which such purchasers are required to establish as policies or guidelines pursuant to the applicable statute (and, where applicable, the regulations thereunder) and is subject to the prudent investment standards and general investment provisions provided therein:

Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Financial Institutions Act (British Columbia)
Employment Pension Plans Act (Alberta)
Insurance Act (Alberta)
Loan and Trust Corporations Act (Alberta)
The Pension Benefits Act, 1992 (Saskatchewan)
The Pension Benefits Act (Manitoba)
Insurance Act (Ontario)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
Trustee Act (Ontario)
An Act respecting insurance (Quebec), for an insurer, as defined therein, incorporated under the laws of the Province of Quebec, other than a guarantee fund corporation
Supplemental Pension Plans Act (Quebec), for an insured plan, as defined therein
An Act respecting trust companies and savings companies (Quebec), for a trust company, as defined therein, which invests its own funds and funds received as deposits and a savings company, as defined therein

Based on the legislation in effect on the date hereof, the Notes will, on the date of issue, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans (other than trusts governed by deferred profit sharing plans to which contributions are made by the Bank, or a corporation with which the Bank does not deal at arm's length within the meaning of the *Income Tax Act* (Canada)).

ROYAL BANK OF CANADA

Royal Bank of Canada is a Schedule I bank under the *Bank Act* (Canada) (the "Bank Act"), which constitutes our charter. Our corporate headquarters are at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada, M5J 2J5, and our head office is at 1 Place Ville Marie, Montreal, Quebec, Canada, H3C 3A9.

Subsidiaries

A list of our direct and indirect principal subsidiaries as at October 31, 2003 is included in our annual information form dated December 16, 2003.

Business

We operate under the masterbrand RBC Financial Group and provide personal and commercial banking, insurance, wealth management, corporate and investment banking, and transaction processing services and products to more than 12 million personal, business and public sector customers in Canada, the United States and internationally. As at April 30, 2004, RBC had approximately 60,800 employees (full-time equivalent) worldwide.

The personal and commercial banking segment provides banking and financial services to individuals, small and medium-sized businesses and mid-market commercial clients in Canada, the United States, the Caribbean and the Bahamas. The insurance segment provides creditor, life, health, travel, home, auto insurance and reinsurance products and services to more than five million clients in Canada, the United States and internationally. The wealth management segment provides full-service and self-directed brokerage, financial planning, investment counselling, personal trust, private banking and investment management products and services primarily to private clients in Canada, the United States and internationally. The corporate and investment banking segment provides wholesale financial services to corporate, government and institutional clients across North America and in specialized product and industry sectors globally. The transaction processing segment offers specialized transaction processing services including investment administration, correspondent banking, cash management, payments and trade finance to business, commercial, corporate and institutional clients in Canada and selected international markets.

USE OF PROCEEDS

Our estimated net proceeds from the sale of the Notes, after deducting estimated expenses of the issue and the underwriters' fee of $4,500,000, will be $594,980,000. The purpose of the sale of the Notes is to enlarge our Tier 2A capital base with a view to optimizing the Bank's capital structure within the parameters prescribed by the Superintendent for bank capital requirements.

DESCRIPTION OF NOTES

General

The Notes will be issued as a series of subordinated debt securities in denominations of $1,000 and integral multiples thereof under an indenture to be dated as of June 18, 2004 (the "indenture") between us and Computershare Trust Company of Canada, as trustee (the "trustee"). The indenture will be subject to the provisions of the Bank Act and governed by the laws of Ontario and the federal laws of Canada applicable therein. We may issue as many distinct series of subordinated debt securities under the indenture as we wish. The indenture allows us not only to issue subordinated debt securities with terms different from those previously issued under the indenture, but also to "re-open" a previous issue of a series of subordinated debt securities and issue additional subordinated debt securities of that series. We have other subordinated debt outstanding and may issue additional subordinated debt at any time and without notifying you. See "– Subordination".

The following summarizes certain provisions of the Notes and the indenture, but does not describe every aspect of the Notes or the indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Notes and the indenture, including the definitions of certain terms that are not defined in this prospectus. In this summary, we describe only some of the more important terms. You must look to the indenture for a complete description of what we summarize below. A copy of the indenture (in draft form until executed) may be inspected during business hours at our corporate headquarters or the principal office of the trustee in Toronto, Ontario during the course of the distribution of the Notes.

Interest and Maturity

The Notes will be issued in an aggregate principal amount of $600,000,000 and will be repayable at 100% of the principal amount at maturity on June 18, 2103. We will pay interest on the Notes in equal (subject to the reset of the interest rate) semi-annual installments in arrears on June 18 and December 18 of each year, with the first payment on December 18, 2004. From June 18, 2004 to, but excluding, June 18, 2014, the Notes will bear interest at the rate of 5.95% per annum. Starting on June 18, 2014 and on every fifth anniversary of such date thereafter until June 18, 2099 (each such date an "Interest Reset Date"), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield plus 1.72%. Assuming the Notes are issued on June 18, 2004, the first interest payment on the Notes on December 18, 2004 will be in an amount of $29.75 per $1,000 principal amount of Notes. The principal of, and interest on, the Notes will be paid in Canadian dollars.

Each payment of interest on the Notes will include interest accrued to, but excluding, the applicable interest payment date or the date of maturity (or earlier purchase, redemption or conversion, if applicable). Any payment of principal or interest required to be made on a day which is not a business day will be made on the next succeeding business day (without any additional interest or other payment in respect of the delay).

The "Government of Canada Yield" means, as at any Interest Reset Date, the average of the annual yields as at noon on the third business day prior to the applicable Interest Reset Date as determined by two Canadian registered investment dealers, each of which will be selected by us and must be independent of us, which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of five years.

A "business day" means a day on which banks are open for business in Toronto and which is not a Saturday or a Sunday.

Any amounts paid by the Bank as interest (or amounts deemed to be interest) to a person that is not resident in Canada for the purposes of the *Income Tax Act* (Canada) may be subject to Canadian non-resident withholding tax. Any such amounts will be paid by the Bank less any applicable withholdings or deductions for such taxes.

Interest Deferral Right

If, on any day that we report financial results for a financial quarter, (a) we do not report cumulative consolidated net income (as determined in accordance with Canadian GAAP or such other accounting principles with which the Bank is then required to comply for the purpose of preparing financial statements) for the immediately preceding four quarters; and (b) during the immediately preceding financial quarter we failed to declare any cash dividends on all of our outstanding preferred and common shares, we may defer payments of interest on the Notes. We must pay all accrued deferred interest before regular interest payments on the Notes may resume and interest may not be deferred beyond the maturity of the Notes. There is no limit on the number of times we may defer interest payments on the Notes and, during the term of the Notes, there may be multiple periods during which interest may be deferred. During any period while interest is being deferred:

- interest will accrue on the Notes but will not compound;
- we may not declare or pay dividends (except by way of stock dividend) on, or redeem or repurchase, any of our preferred or common shares; and
- we may not make any payment of interest, principal or premium on any debt securities or indebtedness for borrowed money issued or incurred by us that rank subordinate to the Notes.

We have had an uninterrupted history of paying dividends on our common shares in each year since 1870. See "Description of Shares of the Bank – Common Shares – Dividend Policy". In addition, Bank has had consolidated net income in every year since 1870 except for 1885 and 1987 as set out in the table below.

Annual Net Income[1]
($ thousands)

Year	Net Income	Year	Net Income	Year	Net Income	Year	Net Income	Year	Net Income	Year	Net Income
1870	18	1893	180	1916	2,111	1939	3,725	1962	21,492	1985	454,000
1871	42	1894	159	1917	2,328	1940	3,527	1963	22,580	1986	452,000
1872	83	1895	188	1918	2,810	1941	3,536	1964	23,757	1987	(288,000)
1873	110	1896	208	1919	3,423	1942	3,390	1965	23,239	1988	712,000
1874	107	1897	200	1920	4,254	1943	3,426	1966	27,432	1989	529,000
1875	97	1898	187	1921	4,038	1944	3,812	1967	30,279	1990	965,000
1876	75	1899	249	1922	3,958	1945	3,828	1968	35,324	1991	983,000
1877	82	1900	182	1923	3,909	1946	4,021	1969	40,530	1992	107,000
1878	82	1901	209	1924	3,879	1947	4,982	1970	44,620	1993	300,000
1879	62	1902	280	1925	4,082	1948	5,559	1971	44,052	1994	1,169,000
1880	70	1903	373	1926	4,516	1949	5,828	1972	51,399	1995	1,262,000
1881	74	1904	435	1927	5,370	1950	6,560	1973	57,894	1996	1,430,000
1882	68	1905	492	1928	5,881	1951	6,306	1974	62,102	1997	1,679,000
1883	98	1906	604	1929	7,145	1952	7,129	1975	86,742	1998	1,824,000
1884	83	1907	742	1930	6,573	1953	8,635	1976	92,389	1999	1,757,000
1885	(45)	1908	747	1931	5,448	1954	9,558	1977	188,000	2000	2,274,000
1886	76	1909	838	1932	4,862	1955	10,858	1978	261,000	2001	2,411,000
1887	93	1910	951	1933	3,902	1956	12,467	1979	310,000	2002	2,762,000
1888	112	1911	1,152	1934	4,398	1957	13,920	1980	334,000	2003	3,005,000
1889	124	1912	1,527	1935	4,341	1958	15,868	1981	458,000		
1890	144	1913	2,142	1936	3,504	1959	17,119	1982	182,000		
1891	143	1914	1,886	1937	3,711	1960	19,504	1983	313,000		
1892	127	1915	1,906	1938	3,696	1961	20,760	1984	352,000		

[1] Net income of the Bank as reported for the applicable year (in some circumstances as restated) as reported in accordance with Canadian GAAP in effect at the time, if any, that such net income was reported.

Redemption on and after June 18, 2009

On June 18, 2009 or any date thereafter, we may, with the prior approval of the Superintendent and without the consent of the holders of the Notes, redeem the Notes in whole or in part, by giving at least 30 days and not more than 60 days prior written notice. The redemption price per Note for Notes redeemed on any day that is not an Interest Reset Date will be equal to the greater of par and the Canada Yield Price and the redemption price for Notes redeemed on any Interest Reset Date will be par, together in either case with accrued and unpaid interest to the date of redemption.

If fewer than all of the Notes are to be redeemed, the trustee will select the Notes to be redeemed in principal amounts of $1,000 or integral multiples of $1,000, pro rata or by another method that the trustee considers fair and appropriate.

The "Canada Yield Price" means a price equal to the price per Note calculated by the Bank to provide an annual yield thereon from the applicable date of redemption to, but excluding, the next Interest Reset Date equal to the GOC Redemption Yield plus (i) 0.21% if the redemption date is any time prior to June 18, 2014, or (ii) 0.43% if the redemption date is any time after June 18, 2014.

The "GOC Redemption Yield" means, on any date, the average of the annual yields as at noon on the business day immediately preceding the date on which we give notice of the redemption of the Notes as determined by two Canadian registered investment dealers, each of which will be selected by us and must be independent of us, as being the annual yield from the applicable date of redemption to, but excluding, the next Interest Reset Date which a non-callable Government of Canada bond would carry, assuming semi-annual compounding, if issued in Canadian dollars in Canada at 100% of its principal amount on the date of redemption and maturing on the next Interest Reset Date.

Redemption for Capital or Tax Reasons

We may prior to June 18, 2009, with the prior approval of the Superintendent and without the consent of the holders of the Notes, redeem all (but not less than all) of the Notes at any time upon at least 30 days and not more than 60 days prior written notice if a regulatory event or tax event occurs.

A regulatory event means receipt by us of a notice or advice from the Superintendent that the Notes no longer qualify as eligible Tier 2A capital under the guidelines for capital adequacy requirements for banks as interpreted by the Superintendent.

A tax event means receipt by us of an opinion of independent counsel of recognized standing experienced in such matters to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, of Canada or any political subdivision or taxing authority thereof or therein, affecting taxation, (ii) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) by any legislative body, court, governmental authority or agency or regulatory body having appropriate jurisdiction (collectively, an "Administrative Action") or (iii) any amendment to, clarification of, or change in, the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or agency or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after the date of issue of the Notes, there is more than an insubstantial risk that the treatment of any of our items of income or expense with respect to the Notes (including the treatment by us of interest on the Notes) or the treatment of the Notes as reflected in the tax returns filed (or to be filed), will be challenged by a taxing authority, and that such challenge could subject us to more than a de minimis amount of additional taxes, duties or other governmental charges or civil liabilities.

If we redeem the Notes prior to June 18, 2009 because of the occurrence of a regulatory event or tax event, we will do so at a redemption price per Note equal to the greater of par and the Canada Yield Price, together with accrued and unpaid interest to the date of redemption.

Purchase for Cancellation

At any time after June 18, 2009, we may, with the approval of the Superintendent and subject to any applicable law which may restrict our ability to do so, purchase Notes in the market or by tender or by private contract at any price. All Notes that we purchase will be cancelled and will not be reissued.

Mergers and Similar Events

Under the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell or lease substantially all of our assets to another entity, or to buy or lease substantially all of the assets of another entity. However, we may not take any of these actions unless all the following conditions are met:

- when we merge, amalgamate, consolidate or otherwise are combined with, or acquired by, another entity or sell or lease substantially all of our assets, the surviving, resulting or acquiring entity must be a properly organized entity and must be legally responsible for the Notes, whether by agreement, operation of law or otherwise; and
- the merger, amalgamation, consolidation or other combination, or sale or lease of assets must not cause a default on the Notes.

If the conditions described above are satisfied with respect to the Notes, we will not need to obtain the approval of the holders of the Notes in order to merge, amalgamate or consolidate or to sell our assets. Also, these conditions will apply only if we wish to merge, amalgamate or consolidate with another entity or sell substantially all of our assets to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control but in which we do not merge or consolidate and any transaction in which we sell less than substantially all of our assets. It is possible that this type of transaction may result in a reduction in our credit rating, may reduce our operating results or may impair our financial condition. Holders of our Notes, however, will have no approval right with respect to any transaction of this type.

Automatic Conversion

If:

- the Superintendent advises us in writing (a "Control Notice") that the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act;
- an application for a winding-up order in respect of the Bank pursuant to the *Winding–up and Restructuring Act* (Canada) is filed by the Attorney General of Canada (an "AG Application"); or
- a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is granted by a court (a "Winding-up Order");

the Notes will be deemed, for all purposes, to be automatically converted effective as of 5:00 p.m. (Toronto time) on the day prior to the date of delivery of the Control Notice to the Bank, the filing of the AG Application or the issue of the Winding-up Order, as

applicable, (the "Conversion Time") without the consent of the holders thereof into that number of fully-paid and freely-tradeable Non-cumulative First Preferred Shares, Series V of the Bank (the "Preferred Shares Series V") determined by dividing the principal amount of the Notes, together with accrued and unpaid interest thereon, by the Market Price of the Benchmark Shares so that holders will no longer be holders of Notes but will, as of the Conversion Time, be holders of Preferred Shares Series V.

The terms of the Preferred Shares Series V will be the same in all material respects to the Preferred Shares Series O except that the liquidation entitlement and redemption price of such shares will be set at a value equal to the Market Price and that various dates relevant to the payment of dividends and when such shares will be redeemable or convertible are tied to the date of issue of the Preferred Shares Series V. See "Description of Shares of the Bank – Preferred Shares Series V as a Series".

The Benchmark Shares will be the Non-cumulative First Preferred Shares, Series O of the Bank (the "Preferred Shares Series O") or, if the Preferred Shares Series O are no longer outstanding and publicly listed, such other publicly listed, Tier 1 qualifying, perpetual first preferred shares of the Bank as we may designate from time to time as the Benchmark Shares and which are comparable in terms of issue size to the Preferred Shares Series O. We undertake not to redeem or delist the Preferred Shares Series O while any Notes remain outstanding unless other shares have been designated by us as the Benchmark Shares.

"Market Price" means the greater of $2.50 and 95% of the weighted average trading price of the Benchmark Shares on the principal stock exchange on which such shares then trade during the 20 consecutive trading days ending immediately prior to the Conversion Time.

Subordination

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the Bank Act and will therefore rank subordinate to our deposits. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act.***

You should note that the subordination provisions of the indenture described below are not likely to be relevant to Noteholders as creditors as the automatic conversion provisions specific to the Notes will result in the Notes being converted to Preferred Shares Series V effective as of the Conversion Time. See "– Automatic Conversion" and "Risk Factors".

If we become insolvent, our governing legislation provides that priorities among payments of our deposit liabilities and payments of all of our other liabilities (including payments in respect of the Notes) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because we have subsidiaries, your right to participate in any distribution of the assets of our banking or non-banking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or reorganization or otherwise, and thus your ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we may be a creditor of that subsidiary and our claims are recognized. There are legal limitations on the extent to which some of our subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, us or some of our other subsidiaries. Accordingly, the Notes will be structurally subordinated to all existing and future liabilities of our subsidiaries, and holders of Notes should look only to the assets of the Bank and not those of our subsidiaries for payments on the Notes.

The indenture provides that if we become insolvent or are wound-up, that subordinated indebtedness issued and outstanding under the indenture will rank equally and rateably with, but not prior to, all other subordinated indebtedness and subordinate in right of payment to the prior payment in full of (i) our indebtedness then outstanding, other than subordinated indebtedness and (ii) all indebtedness to which our other subordinated indebtedness is subordinate in right of payment to the same extent as such other subordinated indebtedness. As of April 30, 2004, we had approximately $403 billion of senior indebtedness, including deposits, outstanding, which would rank ahead of the Notes. The only outstanding subordinated indebtedness issued to date has been issued pursuant to our indentures with Computershare Trust Company of Canada dated October 1, 1984, June 6, 1986, November 14, 1994 and May 21, 1997, as supplemented from time to time, our existing program for issuing notes in Europe and other markets without the benefit of a indenture and our U.S. $300 million 6.75% Subordinated Notes due October 24, 2011. See "Share Capital and Subordinated Indebtedness".

For these purposes, "indebtedness" at any time means:

- the deposit liabilities of the Bank at such time; and
- all other liabilities and obligations of the Bank to third parties (other than fines or penalties which pursuant to the Bank Act are a last charge on the assets of a bank in the case of insolvency of such bank and obligations to shareholders of the Bank, as such) which would entitle such third parties to participate in a distribution of the Bank's assets in the event of the insolvency or winding-up of the Bank.

For these purposes, "subordinated indebtedness" at any time means:

- the liability of the Bank in respect of the principal of and premium, if any, and interest on its outstanding subordinated indebtedness outlined above;
- any indebtedness which ranks equally with and not prior to the outstanding subordinated indebtedness, in right of payment in the event of the insolvency or winding-up of the Bank and which, pursuant to the terms of the instrument evidencing or creating the same, is expressed to be subordinate in right of payment to all indebtedness to which the outstanding subordinated indebtedness is subordinate in right of payment to at least the same extent as the outstanding subordinated indebtedness is subordinated thereto pursuant to the terms of the instrument evidencing or creating the same;
- any indebtedness which ranks subordinate to and not equally with or prior to the outstanding subordinated indebtedness, in right of payment in the event of the insolvency or winding-up of the Bank and which, pursuant to the terms of the instrument evidencing or creating the same, is expressed to be subordinate in right of payment to all indebtedness to which the outstanding subordinated indebtedness is subordinate in right of payment to at least the same extent as the outstanding subordinated indebtedness is subordinate pursuant to the terms of the instrument evidencing or creating the same; and
- the Notes, which will rank equally to the Bank's outstanding subordinated indebtedness.

Events of Default

Under the indenture it will be an event of default only if we become insolvent or bankrupt or subject to the provisions of the *Winding-Up and Restructuring Act* (Canada), if we go into liquidation either voluntarily or under an order of a court of competent jurisdiction, or if we otherwise acknowledge our insolvency. We refer to such an event under the indenture as an event of default.

You should note that the event of default provisions of the indenture described below are not likely to be relevant to Noteholders as creditors as the automatic conversion provisions specific to the Notes will result in the Notes being converted to Preferred Shares Series V effective as of the Conversion Time. See "– Automatic Conversion" and "Risk Factors".

If an event of default occurs and continues and the Notes have not already been automatically converted to Preferred Shares Series V, the trustee may in its discretion and must upon the written request of the holders of not less than 25% of the outstanding aggregate principal amount of the Notes then outstanding under the indenture, declare the principal and any premium and interest on all the Notes outstanding to be due and payable immediately. The trustee or the holders of more than 50% in principal amount of all the Notes then outstanding under the indenture may, in some circumstances, cancel or annul the acceleration and waive the event of default. Subject to any such waiver and the provisions of any extraordinary resolution (as defined below), if we fail to pay on demand any principal and any premium or interest declared by the trustee to be due and payable following an event of default, the trustee may in its discretion, and must upon receiving the written direction of holders of not less than 25% in principal amount of all the Notes outstanding under the indenture, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed to obtain or enforce payment of the amounts due and payable together with other amounts due under the indenture by any remedy provided by law or equity either by legal proceedings or otherwise.

Holders of Notes outstanding under the indenture may, by extraordinary resolution, direct and control the actions of the trustee or of any holder of Notes or coupons bringing an action after the failure of the trustee to act in any proceedings against the Bank. The trustee must, within 30 days of becoming aware of an event of default, give notice to the holders of Notes unless the trustee reasonably determines that the withholding of notice of a continuing default is in the best interests of the holders.

A resolution or order for winding-up the Bank, with a view to its consolidation, amalgamation or merger with another entity or the transfer of its assets as an entirety to another entity does not entitle a holder of Notes to demand payment of principal prior to maturity.

Defeasance

If there is a change in Canadian federal tax law, as described below, we can legally release ourselves from any payment or other obligations on the Notes, called full defeasance, if we put in place the following arrangements for holders to be repaid:

- We must deposit in trust for the benefit of all holders of the Notes a combination of money and notes or bonds of the Canadian government or a Canadian government agency or Canadian government-sponsored entity (the obligations of which are backed by the full faith and credit of the Canadian government) that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates.
- There must be a change in current Canadian federal tax law or a ruling of the Canada Revenue Agency that lets us make the above deposit without causing the holders to be taxed on the Notes any differently than if we did not make the deposit and just repaid the Notes ourselves. (Under current Canadian federal tax law, the deposit and our legal release from the obligations pursuant to the debt securities would be treated as a disposition of the Notes. In that event, you could recognize gain or loss on the Notes.)

- We must deliver to the trustee a legal opinion of our counsel confirming the tax law change described above.
- No event or condition may exist that, under the provisions described under "- Subordination" above, would prevent us from making payments of principal, premium or interest on the Notes on the date of the deposit referred to above or during the 90 days after that date.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment on the Notes. You could not look to us for repayment in the unlikely event of any shortfall.

Book-Entry System for Notes

The Notes will be issued in "book-entry only" form and must be purchased or transferred through financial institutions that participate in the depository service of The Canadian Depository for Securities Limited ("CDS"). We refer to those financial institutions who are participants in the depository service of CDS as "participants". Participants include securities brokers and dealers, banks and trust companies. On the date of closing of this offering, the trustee will cause a global certificate or certificate(s) representing the Notes to be delivered to, and registered in the name of, CDS or its nominee, as the case may be, which will hold the Notes as depository on behalf of the participants. The participants in turn will hold beneficial interests in the Notes on behalf of themselves or their customers.

Except as described below, a purchaser acquiring a beneficial interest in the Notes will not be entitled to a certificate or other instrument from the Bank, the trustee or the depository evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by the depository, except through a book-entry account of a participant acting on behalf of such purchaser. Each such purchaser of Notes will receive a customer confirmation of purchase from the registered dealer through whom the Notes are purchased in accordance with the practices and procedures of that registered dealer.

As long as the Notes are outstanding in global form, we will recognize only the depository as the holder of the Notes and we will make all payments on the Notes, including deliveries of any property other than cash, to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the Notes.

As a result, investors will not own Notes directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the Notes are outstanding in global form, investors will be indirect owners, and not registered holders, of the Notes.

Neither we nor the underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Notes held by the depository or the payments or deliveries relating thereto; (b) maintaining, supervising or reviewing any records relating to the Notes; or (c) any advice or representation made by or with respect to the depository, including those contained in this prospectus, relating to the rules governing the depository or any action to be taken by the depository or at the direction of participants. The rules governing the depository provide that it acts as the agent and depository for participants. As a result, such participants must look solely to the depository and beneficial owners of Notes must look solely to participants for payment or deliveries made by or on behalf of the Bank to the depository in respect of the Notes.

As indirect holders of Notes, investors should be aware that they (subject to the situations described below): (a) may not have Notes registered in their name; (b) may not have physical certificates representing their interest in the Notes; (c) may not be able to sell the Notes to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Notes as security.

Notes in fully registered and certificated form will be issued to beneficial owners of Notes only if: (i) required by applicable law; (ii) the depository's book-entry only system ceases to exist; (iii) the Bank or the depository advises the trustee that the depository is no longer willing or able to properly discharge its responsibilities as depository with respect to the Notes and we are unable to locate a qualified successor; (iv) the Bank, at its option, decides to terminate its present arrangements with the depository; or (v) if an event of default has occurred with regard to the Notes and has not been cured or waived.

Payments of principal and interest on the Notes (including principal and interest due at maturity or early redemption) will be made through the depository or its nominee, as the case may be, as the registered holder of the Notes while the book-based system is in effect, and we understand that such payments will be forwarded by the depository or its nominee, as the case may be, to participants. If Notes are issued in fully registered and certificated form in the circumstances described above, interest will be paid by cheque drawn on the Bank and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest, and the principal amount of the Notes and the interest due at maturity or early redemption will be paid upon surrender thereof at any branch of the Bank in Canada or of the trustee.

Transfers of Notes

Transfers of ownership of Notes will be effected only through records maintained by CDS or its nominee, as the case may be, with respect to interests of participants, and on the records maintained by the participants with respect to interests of persons other than participants. If you hold Notes through a participant and desire to purchase, sell or otherwise transfer ownership of or other interests in the Notes, you may do so only through participants.

Your ability to pledge a Note or otherwise take action with respect to your interest in a Note (other than through a Participant) may be limited due to the lack of a physical certificate.

Modification and Waiver of the Notes

There are four types of changes we can make to the indenture and the Notes.

Changes Requiring Approval of All Holders. First, there are changes that cannot be made to the indenture or the Notes without specific approval of each holder of the Notes affected in any material respect by the change under the indenture. The following is a list of those types of changes:

- a change in the stated maturity of the principal or reduction of the interest on the Notes;
- a reduction of any amounts due on the Notes;
- a reduction of the amount of principal payable upon acceleration of the maturity of the Notes following a default;
- a change in the currency of payment on the Notes;
- a change in the place of payment for the Notes;
- an impairment of a holder's right to sue for payment;
- a reduction of the percentage of holders of Notes whose consent is needed to modify or amend the indenture;
- a reduction of the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults; or
- a modification of any other aspect of the provisions dealing with modification and waiver of the indenture.

Changes Requiring a Majority Vote. The second type of change to the indenture and the Notes not requiring the approval of all holders requires a vote in favour by holders of Notes owning not less than a majority of the principal amount of the Notes. Most changes not requiring the approval of all holders fall into this category, except for clarifying changes and certain other changes that would not adversely affect in any material respect holders of the Notes.

Changes Not Requiring Approval. The third type of change to the indenture and the Notes does not require any vote by holders of Notes. This type is limited to clarifications and certain other changes that would not adversely affect in any material respect holders of the Notes.

Modification of Subordination Provisions. We may not modify the subordination provisions of the indenture in a manner that would adversely affect in any material respect the outstanding Notes without the consent of the holders of a majority of the principal amount of the Notes.

Further Details Concerning Voting. Notes will not be considered outstanding, and therefore not eligible to vote, if we have given a notice of redemption and deposited or set aside in trust for the holders money for the redemption of the Notes. Notes will also not be eligible to vote if they have been fully defeased as described above under "– Defeasance ".

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the indenture. In certain limited circumstances, the trustee will be entitled to set a record date for action by holders. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action.

EARNINGS COVERAGE

After giving effect to the issuance of the Notes, the following would have been the consolidated earnings coverage ratios, calculated in accordance with Canadian GAAP, for the 12 months ended April 30, 2004 and October 31, 2003:

	April 30, 2004	**October 31, 2003**
Earnings coverage on subordinated indebtedness…….	11.227 times	11.750 times

The Bank's interest requirements, after giving effect to the issue of the Notes, would have amounted to $431 million for the 12 months ended April 30, 2004 and $412 million for the 12 months ended October 31, 2003. The Bank's earnings before interest expense and income tax for the 12 months ended April 30, 2004 were $4.84 billion, 12.251 times the Bank's interest requirements for the period. The Bank's earnings before interest expense and income tax for the 12 months ended October 31, 2003 were $4.84 billion, 12.875 times the Bank's interest requirements for the period.

SHARE CAPITAL AND SUBORDINATED INDEBTEDNESS

Certain selected consolidated financial data set forth below have been derived from the Bank's interim consolidated financial statements for the six-month period ended April 30, 2004 or the Bank's consolidated financial statements and related notes for the year ended October 31, 2003, as applicable. The following table shows the share capital and subordinated indebtedness of the Bank, calculated in accordance with Canadian GAAP, as at the respective dates shown.

	April 30, 2004 (unaudited) ($ millions)	October 31, 2003 (audited) ($ millions)
Subordinated Indebtedness[(1)]	8,423	6,243
Capital Stock — Preferred	832	832
— Common	7,058	7,018
Additional paid-in capital	140	85
Retained earnings	11,953	11,333
Treasury stock	(257)	-
Foreign currency translation adjustments	(570)	(893)

[1] After giving effect to the issue of the Notes, subordinated indebtedness as at October 31, 2003 would have been $6,843 million and as at April 30, 2004 would have been $9,023 million.

DESCRIPTION OF SHARES OF THE BANK

Our authorized share capital consists of an unlimited number of common shares and an unlimited number of first preferred shares and second preferred shares, issuable in series, which classes may be issued for maximum consideration of $10 billion and $5 billion, respectively. The following summarizes certain provisions of our common shares and preferred shares. This summary is qualified in its entirety by the by-laws of the Bank and the actual terms and conditions of such shares.

Common Shares

General

The holders of our common shares are entitled to notice of, to attend and to one vote per share at all meetings of our shareholders, except meetings at which only holders of a specified class, other than common shares, or series of shares are entitled to vote. The holders of our common shares are entitled to receive dividends as and when declared by our board of directors, subject to the preference of our preferred shares. After payment to the holders of our preferred shares of the amount or amounts to which they may be entitled, and after payment of all outstanding debts, the holders of our common shares will be entitled to receive the remaining property of the Bank upon liquidation, dissolution or winding-up.

Dividend Policy

Our directors may declare, and we may pay, dividends in money or property or by the issue of our common shares or options or rights to acquire our common shares. We have an uninterrupted history of paying dividends on our common shares in each year since 1870. The declaration and payment of future dividends and the amount of dividends will subject to the discretion of our directors and will be dependent upon our results of operations, financial condition, cash requirements and future prospects, and regulatory restrictions on the payment of dividends by us, and other factors deemed relevant by our directors. Our directors may not declare, and we may not pay, a dividend if there are reasonable grounds for believing that we are, or the payment would cause us to be, in contravention of any regulation made under the Bank Act respecting the maintenance by banks of adequate capital and appropriate forms of liquidity, or any direction to us made by the Superintendent regarding our capital or liquidity. In addition under the Bank Act we are restricted from declaring and paying a dividend in any financial year without the approval of the Superintendent if, on the day the dividend is declared, the total of all dividends paid by us in that year would exceed the aggregate of our net income up to that day in the year and our consolidated retained earnings for the preceding two years.

Stock Exchange Listings

Our common shares are listed on The Toronto Stock Exchange (the "TSX"), the New York Stock Exchange and the Swiss Exchange. On June 8, 2004, the closing price was $59.25 per common share on the TSX.

First Preferred Shares as a Class

Issuable in Series

We may issue first preferred shares, from time to time, in one or more series with such series rights, privileges, restrictions and conditions as our board of directors may determine by resolution.

Priority

The first preferred shares of each series rank on a parity with the first preferred shares of every other series and are entitled to preference over our second preferred shares and common shares and over any other shares ranking junior to the first preferred shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding-up of the Bank.

Creation and Issue of Shares

Pursuant to the Bank Act, we may not, without the approval of the holders of the first preferred shares, create any other class of shares ranking equal with or superior to the first preferred shares. In addition, we may not, without the prior approval of the holders of the first preferred shares as a class given as specified below under "– Shareholder Approvals" (in addition to such approvals as may be required by the Bank Act or any other legal requirement), (i) create or issue any shares ranking in priority to the first preferred shares or (ii) create or issue any additional series of first preferred shares or any shares ranking *pari passu* with the first preferred shares unless at the date of such creation or issuance all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends are payable have been declared and paid or set apart for payment in respect of each series of cumulative first preferred shares then issued and outstanding and any declared and unpaid non-cumulative dividends have been paid or set apart for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding. Currently, there are no outstanding first preferred shares which carry the right to cumulative dividends.

Voting Rights

The holders of the first preferred shares are not entitled to any voting rights as a class except as provided below or by law or with respect to the right to vote on certain matters as specified below under "– Shareholder Approvals".

Shareholder Approvals

The approval of all amendments to the provisions attaching to the first preferred shares as a class and any other approval to be given by the holders of the first preferred shares may be given in writing by the holders of not less than all of the outstanding first preferred shares or by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of first preferred shares at which a quorum of the outstanding first preferred shares is represented. A quorum at any meeting of holders of first preferred shares is 51% of the shares entitled to vote at such meeting, except that at an adjourned meeting there is no quorum requirement.

Preferred Shares Series V as a Series

Issue Price

The Preferred Shares Series V are issuable upon the conversion of the Notes at a price (the "Issue Price") equal to the Market Price of the Benchmark Shares which will be satisfied in full by such conversion. See "Description of the Notes – Automatic Conversion".

Dividends

The holders of Preferred Shares Series V are entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our board of directors, payable quarterly in each year on the third, sixth, ninth and twelfth month anniversaries of the date Preferred Shares Series V are first issued at the same quarterly rate as the Benchmark Shares, which in the case of the Preferred Shares Series O is $0.34375 per share.

If our board of directors does not declare any dividend or part thereof on the Preferred Shares Series V on or before the dividend

payment date for a particular quarter, then the right of the holders of the Preferred Shares Series V to such dividend or part thereof for such quarter will be extinguished.

Redemption

The Preferred Shares Series V are not redeemable prior to June 18, 2009. On and after such date, but subject to the provisions described below under "Restrictions on Dividends and Retirement of Shares", we may redeem at any time all or, from time to time, any part of the outstanding Preferred Shares Series V, by the payment of an amount in cash for each share redeemed equal to 104% of the Issue Price if redeemed during the 12 months commencing on June 18, 2009, 103% of the Issue Price if redeemed during the 12 months commencing on June 18, 2010, 102% of the Issue Price if redeemed during the 12 months commencing on June 18, 2011, 101% of the Issue Price if redeemed during the 12 months commencing on June 18, 2012, and 100% of the Issue Price thereafter, together with, in each case, any declared and unpaid dividends to the redemption date.

We must give notice of any redemption to registered holders not more than 60 days and not less than 30 days prior to the redemption date.

Where a part only of the outstanding Preferred Shares Series V is to be redeemed, the shares to be redeemed will be selected by lot in such manner as our board of directors determines or, if the board of directors so decides, may be redeemed pro rata, disregarding fractions.

All redemptions of the Preferred Shares Series V are subject to the provisions of the Bank Act and the consent of the Superintendent. See "Bank Act Restrictions".

Conversion into Common Shares at the Option of the Bank

The Preferred Shares Series V are not convertible into common shares of the Bank prior to June 18, 2009. On and after such date, we may, subject to the approval of the TSX, or such other exchange on which the common shares may then be listed, if required, convert at any time all or, from time to time, any part of the outstanding Preferred Shares Series V into that whole number of fully-paid and freely tradeable common shares determined by dividing the then applicable redemption price per Preferred Share Series V, together with any declared and unpaid dividends to the date fixed for conversion, by the greater of $2.50 and 95% of the weighted average trading price of our common shares on the principal stock exchange on which the common shares then trade for the 20 trading days ending on the fourth trading day prior to the date fixed for conversion. Fractional common shares will not be issued on any conversion of Preferred Shares Series V but in lieu thereof we will make cash payments.

We must give notice of any conversion to registered holders not more than 60 days and not less than 30 days prior to the date fixed for conversion.

Where a part only of the outstanding Preferred Shares Series V is to be converted, the Preferred Shares Series V to be converted will be selected by lot in such manner as our board of directors determines or, if the board of directors so decides, may be converted pro rata, disregarding fractions.

All conversions of the Preferred Shares Series V are subject to the provisions of the Bank Act and the consent of the Superintendent. See "Bank Act Restrictions".

Conversion into Another Series of Preferred Shares at the Option of the Holder

We may, at any time and by resolution of our board of directors, constitute a further series of first preferred shares ("New Preferred Shares") having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Preferred Shares as Tier 1 capital of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent if applicable, and if not applicable, having such rights, privileges, restrictions and conditions as the directors may determine. We will ensure that such New Preferred Shares will not, if issued, be or be deemed to be "term preferred shares" within the meaning of the *Income Tax Act* (Canada). In such event, we may, with the consent of the Superintendent, give registered holders of the Preferred Shares Series V notice that they have the right, pursuant to the terms of the Preferred Shares Series V to convert their Preferred Shares Series V on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. Notice must be given by the Bank to registered holders not more than 60 days and not less than 30 days prior to the conversion date. See "Bank Act Restrictions".

Purchase for Cancellation

Subject to the provisions of the Bank Act, the consent of the Superintendent and the provisions described below under "Restrictions on Dividends and Retirement of Shares", we may at any time purchase for cancellation any Preferred Share Series V at the lowest price or prices at which in the opinion of our board of directors such shares are obtainable.

Rights on Liquidation

In the event of our liquidation, dissolution or winding-up, the holders of the Preferred Shares Series V are entitled to receive an amount in cash per share equal to the issue price of the shares, together with all dividends declared and unpaid to the date of payment, before any amount may be paid or any of our assets distributed to the registered holders of any shares ranking junior to the Preferred Shares Series V. The holders of the Preferred Shares Series V will not be entitled to share in any further distribution of our assets.

Restrictions on Dividends and Retirement of Shares

So long as any of the Preferred Shares Series V are outstanding, we will not, without the approval of the holders of the Preferred Shares Series V:

- pay any dividends on any second preferred shares, any common shares or any other shares ranking junior to the Preferred Shares Series V (other than stock dividends in any shares ranking junior to the Preferred Shares Series V); or
- redeem, purchase or otherwise retire any second preferred shares, any common shares or any other shares ranking junior to the Preferred Shares Series V (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Preferred Shares Series V); or
- redeem, purchase or otherwise retire less than all the Preferred Shares Series V; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching to any series of preferred shares, redeem, purchase or otherwise retire any other shares ranking on a parity with the Preferred Shares Series V;

unless all dividends up to and including the dividend payment date for the last completed period for which dividends are payable have been declared and paid or set apart for payment in respect of each series of cumulative first preferred shares then issued and outstanding and all other cumulative shares ranking on a parity with the first preferred shares and there has been paid or set apart for payment all declared dividends in respect of each series of non-cumulative first preferred shares (including the Preferred Shares Series V) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the first preferred shares. See "Bank Act Restrictions".

Issue of Additional Series of First Preferred Shares

We may issue other series of first preferred shares ranking on a parity with the Preferred Shares Series V without the approval of the holders of the Preferred Shares Series V.

Amendments to the Preferred Shares Series V

We will not without, but may from time to time with, the approval of the holders of the Preferred Shares Series V given as specified below or, if the Notes have not been converted, the approval of the holders of the Notes and any such approval of TSX as may be necessary, delete or vary any rights, privileges, restrictions or conditions attaching to the Preferred Shares Series V. In addition, we will not without, but may from time to time with, the consent of the Superintendent, make any such deletion or variation which might affect the classification afforded the Preferred Shares Series V from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

Shareholder Approvals

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Preferred Shares Series V as a series and any other approval to be given by the holders of the Preferred Shares Series V may be given in writing by the holders of not less than all of the outstanding Preferred Shares Series V or by a resolution carried by the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of holders of the Preferred Shares Series V at which a quorum of the outstanding Preferred Shares Series V is represented. Pursuant to our by-laws, a quorum at any meeting of the holders of Preferred Shares Series V is 51% of the shares entitled to vote at any such meeting, except that at any adjourned meeting there is no quorum requirement. At any meeting of holders of Preferred Shares Series V as a series, each such holder will be entitled to one vote in respect of each Preferred Share Series V held.

Voting Rights

Subject to the provisions of the Bank Act, the holders of the Preferred Shares Series V as such are not entitled to receive notice of, or to attend or to vote at, any meeting of our shareholders unless and until the first time at which the rights of such holders to any

undeclared dividends are extinguished as described under "Dividends" above. In that event, the holders of the Preferred Shares Series V will be entitled to receive notice of, and to attend, meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Preferred Shares Series V will forthwith cease upon our payment of the first quarterly dividend on the Preferred Shares Series V to which the holders are entitled subsequent to the time such voting rights first arose. If the rights of such holders to any undeclared dividends on the Preferred Shares Series V are again extinguished, such voting rights will become effective again and so on from time to time.

Listing of Preferred Shares Series V

Under the indenture the Bank undertakes to use reasonable efforts to list the Preferred Shares Series V upon any automatic conversion of the Notes to Preferred Shares Series V on a recognized stock exchange in Canada.

BANK ACT RESTRICTIONS

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is a summary of such restrictions. No person may be a major shareholder of a bank if the bank has equity of $5 billion or more (which would include the Bank). A person is a major shareholder of a bank if (i) the aggregate of shares of any class of voting shares owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person may have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank (a "significant shareholder"). If as a result of the automatic conversion of the Notes into Preferred Shares Series V you become a significant shareholder, the number of Preferred Shares Series V in excess of the number of shares you are permitted to hold will be sold on your behalf with the proceeds of sale being delivered to you net of costs of sale and any applicable withholding taxes.

The Bank Act also prohibits the registration of a transfer or issue of any shares of the bank to Her Majesty in Right of Canada or of a province or any agent or agency of Her Majesty in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them. If you are such an ineligible person, any Preferred Shares Series V issuable to you on the automatic conversion of the Notes into Preferred Share Series V will be sold on your behalf with the proceeds of sale being delivered to you net of costs of sale and any applicable withholding taxes.

These constraints under the Bank Act and the provision for the sale of shares on your behalf are also applicable upon the conversion of Preferred Shares Series V into common shares of the Bank.

Under the Bank Act, we cannot redeem or purchase any of our shares, including the Preferred Shares Series V unless the consent of the Superintendent has been obtained. In addition, the Bank Act prohibits us from purchasing or redeeming any shares or paying any dividends if there are reasonable grounds for believing that we are, or the payment would cause us to be, in contravention of the Bank Act requirement to maintain, in relation to our operations, adequate capital and appropriate forms of liquidity and to comply with any regulations or directions of the Superintendent in relation thereto. In addition, under the Bank Act, we are restricted from declaring and paying a dividend in any financial year without the approval of the Superintendent if, on the day the dividend is declared, the total of all dividends paid by us in that year would exceed the aggregate of our net income up to that day in the year and our retained net income for the preceding two financial years.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser of Notes pursuant to this prospectus who, for purposes of the *Income Tax Act* (Canada) (the "Tax Act") at all relevant times is a resident of Canada or deemed to be a resident of Canada, deals at arm's length and is not affiliated with the Bank and holds Notes as capital property (a "holder"). Generally, the Notes will be capital property to a holder provided the holder does not acquire the Notes in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade. Certain holders whose Notes would not otherwise qualify as capital property may, in certain circumstances, be entitled to have the Notes and all other "Canadian securities", as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a purchaser an interest in which is a "tax shelter investment", as defined in the Tax Act, or to a purchaser who is a "financial institution" for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules), as defined in the Tax Act. Such purchasers should consult their own tax advisors. Furthermore, the part of this summary dealing with the Preferred Shares Series V does not apply to a specified financial institution (as defined in the Tax Act) that receives (or is deemed to receive), alone or together with persons with whom it does not

deal at arm's length, in the aggregate dividends in respect of more than 10% of the Preferred Shares Series V outstanding at the time a dividend is received. This summary also assumes that all issued and outstanding Preferred Shares Series V are listed on a prescribed stock exchange in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), and the Bank's Canadian legal advisors' understanding of the current published administrative and assessing policies of the Canada Revenue Agency. This summary takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder and no representation with respect to the income tax consequences of any particular holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.

The Notes

Interest on Notes

A holder of a Note that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest or amount that is considered for the purposes of the Tax Act to be interest on the Note that accrued to it to the end of the year or became receivable or was received by it before the end of the year, to the extent that the interest (or amount considered to be interest) was not included in computing its income for a preceding taxation year.

A holder of a Note (other than a holder referred to in the previous paragraph) will be required to include in computing the holder's income for a taxation year any amount received or receivable (depending upon the method regularly followed by the holder in computing income) by the holder as interest in the year on the Note, to the extent that such amount was not included in computing the holder's income for a preceding taxation year. If such a holder has not otherwise included interest on a Note in computing the holder's income at periodic intervals of not more than one year, such a holder will also be required to include in computing the holder's income, for any taxation year that includes an "anniversary day" (as defined in the Tax Act) of the Note, any interest or amount that is considered for the purposes of the Tax Act to be interest on the Note which accrues to the holder to the end of such day, to the extent that such interest was not otherwise included in computing the holder's income for the year or any preceding taxation year.

In the event the Notes are issued at a discount from their face value, a holder may be required to include an additional amount in computing income either in the taxation years in which such amount accrues or is deemed to accrue in accordance with the interest accrual rules contained in the Tax Act or in the taxation year in which the discount is received or receivable by the holder. Holders should consult their own tax advisors in these circumstances, as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Dispositions

On a disposition or deemed disposition of the Note, including a purchase or redemption by the Bank, an automatic conversion, or a repayment by the Bank upon maturity, a holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued on the Note to the date of disposition to the extent that such amount has not otherwise been included in computing the holder's income for the year in which the disposition occurred or a preceding taxation year. In addition, any premium paid by the Bank to a holder on the redemption of a Note will be deemed to be received by such holder as interest on the Note and will be required to be included in computing the holder's income, as described above, at the time of the redemption to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that, but for the redemption, would have been paid or payable by the Bank on the Note for a taxation year ending after the redemption and to the extent not otherwise included in computing the holder's income for that taxation year or a previous taxation year.

In general, on a disposition or deemed disposition of Notes, a holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the holder's income as interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Notes to the holder immediately before the disposition or deemed disposition. On an automatic conversion, the proceeds of disposition will be the fair market value of the Preferred Shares Series V

received on such conversion except to the extent a portion of such shares are, or are deemed to be, received in respect of interest on the Notes. Generally, a holder is required to include in computing its income for a taxation year one-half of the amount of any such capital gain (a "taxable capital gain"). Subject to and in accordance with the provisions of the Tax Act, a holder is required to deduct one half of the amount of any such capital loss (an "allowable capital loss") realized in a taxation year from taxable capital gains realized by the holder in the year and allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Additional Refundable Tax

A holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income including amounts in respect of interest and taxable capital gains earned or realized in respect of Notes.

Common Shares and Preferred Shares Series V

Dividends

Dividends (including deemed dividends) received on the common shares or the Preferred Shares Series V by an individual will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Dividends (including deemed dividends) on the common shares or the Preferred Shares Series V received by a corporation to which this part of the summary applies will be included in computing its income and will generally be deductible in computing its taxable income.

The Preferred Shares Series V will be taxable preferred shares as defined in the Tax Act. The terms of the Preferred Shares Series V require the Bank to make an election under Part VI.l of the Tax Act so that corporate shareholders will not be subject to tax under Part IV.l of the Tax Act on dividends received (or deemed to be received) on the Preferred Shares Series V.

A private corporation, as defined in the Tax Act, or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33⅓% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the common shares and the Preferred Shares Series V to the extent such dividends are deductible in computing its taxable income.

Redemption and Conversion

If we redeem for cash or otherwise acquire the common shares or the Preferred Shares Series V other than by a purchase in the manner in which these shares are normally purchased by a member of the public in the open market or by reason of a conversion of the Preferred Shares Series V, the holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, as applicable, in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

The conversion of the Preferred Shares Series V into common shares at our option or into New Preferred Shares pursuant to the conversion privilege by a shareholder will be deemed not to be a disposition of property and accordingly will not give rise to a capital gain or a capital loss. The cost to an investor of common shares or New Preferred Shares received on the conversion will be deemed to be equal to the investor's adjusted cost base of the Preferred Shares Series V immediately before the conversion. In computing the adjusted cost base to an investor of common shares so acquired, the cost of such common shares will be averaged with the adjusted cost base to the investor of any other common shares held by the investor as capital property immediately prior to such acquisition. A holder who receives cash of $200 or less in lieu of a fraction of a common share may either include the capital gain or capital loss on the partial disposition in computing income, or reduce the adjusted cost base of the common shares received by the amount of the cash.

The value of common shares received on a conversion of the Preferred Shares Series V in respect of declared and unpaid dividends will be included in an investor's income as a dividend on the Preferred Shares Series V and will be the cost to the investor of such common shares. See "Dividends" above. In computing the adjusted cost base to an investor of common shares so acquired, the cost of such common shares will be averaged with the adjusted cost base to the investor of common shares held by the investor as capital property immediately prior to such acquisition.

Other Dispositions

A holder of common shares or Preferred Shares Series V who disposes of or is deemed to dispose of the common shares or the Preferred Shares Series V will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder thereof. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by us of the common shares or Preferred Shares Series V will generally not be included in computing a holder's proceeds of disposition for purposes of computing the capital gain or loss arising on the disposition of such shares. If the shareholder is a corporation, any such capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Tax Treatment of Capital Gains and Losses

Generally, one-half of a capital gain will be included in computing the holder's income as a taxable capital gain and one-half of a capital loss may be deducted from the holder's taxable capital gains in accordance with the rules contained in the Tax Act. Taxable capital gains of a Canadian-controlled private corporation may be subject to an additional refundable tax of 6⅔% of such taxable gains. Capital gains realized by an individual may give rise to alternative minimum tax under the Tax Act.

PLAN OF DISTRIBUTION

Under an underwriting agreement dated June 14, 2004 between the Bank and RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Desjardins Securities Inc. and Laurentian Bank Securities Inc., as underwriters, we have agreed to sell and the underwriters have severally agreed to purchase as principals on June 18, 2004, subject to the terms and conditions stated in the underwriting agreement, all but not less than all of the $600,000,000 aggregate principal amount of the Notes, payable to us against delivery of the Notes. The Notes will be offered to the public at par at the public offering price of $1,000 principal amount of the Notes.

The Notes are not, and will not be, registered under the United States *Securities Act of 1933*, as amended, and the underwriters have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution under this prospectus in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account of, a U.S. person, except pursuant to exemptions from the United States *Securities Act of 1933*.

The obligations of the underwriters under the underwriting agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain other stated events. However, the underwriters are obligated to take up and pay for all of the Notes if any are purchased under the underwriting agreement.

In connection with the offering of Notes, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Notes will not be listed on any securities exchange and do not have an established trading market. Each of the underwriters may from time to time purchase and sell Notes in the secondary market, but no underwriter is obligated to do so, and there is no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the underwriters may make a market in the Notes, but the underwriters are not obligated to do so and may discontinue any market-making activity at any time.

We indirectly wholly-own RBC Dominion Securities Inc., one of the underwriters. We are a related and connected issuer of RBC Dominion Securities Inc. under applicable securities legislation. The decision to distribute the Notes and the determination of the terms of the distribution were made through negotiation between us on the one hand and the underwriters on the other hand. TD Securities Inc., an underwriter in respect of which the Bank is not a related or connected issuer, has participated in the structuring and pricing of this offering, and in the due diligence activities performed by the underwriters for this offering. RBC Dominion Securities Inc. will not receive any benefit from us in connection with this offering, other than a portion of the underwriters' fee.

RISK FACTORS

An investment in Notes is subject to certain risks.

The value of Notes will be affected by our general creditworthiness. The section entitled "Management's Discussion and Analysis" contained in our Annual Report for the year ended October 31, 2003, and management's discussion and analysis for the six months ended April 30, 2004, are incorporated by reference. These analyses discuss, among other things, known material trends and events,

and risks or uncertainties that are reasonably expected to have a material effect on our business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Notes may affect the market value of the Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which we can transact or obtain funding, and thereby affect our liquidity, business, financial condition or results of operations.

See "Earnings Coverage" and "Share Capital and Subordinated Indebtedness", which are relevant to an assessment of the risk that we will be unable to pay interest, or repay principal, on Notes when due.

Holders of Notes have a limited right to accelerate payment of principal on default. A default may be declared and the obligation to repay principal accelerated only in prescribed circumstances summarized under "Description of Notes – Events of Default".

The Notes are our direct unsecured obligations which rank equally with other subordinated indebtedness in the event of our insolvency or winding-up. If we become insolvent or are wound-up while the Notes remain outstanding, our assets must be used to pay deposit liabilities and prior and senior ranking debt before payments may be made on Notes and other subordinated indebtedness. Except to the extent regulatory capital requirements affect our decisions to issue subordinated or more senior debt, there is no limit on our ability to incur additional subordinated or more senior debt.

In certain circumstances, we may defer interest payments on the Notes. There is no limit on the number of times we may defer interest payments and there may be multiple periods during which we defer interest payments. While interest payments are being deferred, interest will accrue but will not compound. Once deferred, there is no specific requirement as to when interest payments must resume and we may defer interest payments up until, but not beyond, maturity of the Notes. See "Description of Notes – Interest Deferral Right".

Event of default provisions, including acceleration provisions, and the subordination provisions under the indenture are not likely to be relevant to Noteholders as creditors as the Notes will automatically convert to Preferred Shares Series V effective as of the day before the occurrence of several events that may otherwise have been considered events of default.

Your investment in Notes may become an investment in Preferred Shares Series V or common shares of the Bank in certain circumstances. As a result, you may become a shareholder of the Bank at a time when our financial condition is deteriorating or when we have become insolvent or have been ordered to be wound-up or liquidated. In the event of our liquidation, the claims of our depositors and creditors (including holders of subordinated indebtedness) would be entitled to priority of payment over holders of Preferred Shares Series V or common shares. If we were to become insolvent or be ordered to be wound-up or liquidated after your investment in the Notes has become an investment in Preferred Shares Series V or common shares of the Bank you may receive, if anything, substantially less than you would have received as a holder of Notes.

Upon the automatic conversion of the Notes into Preferred Shares Series V, the issue price of and the quarterly dividend rate on the Preferred Shares Series V will be determined by reference to the Benchmark Shares. In certain circumstances the Benchmark Shares may be designated by the Bank as a series of first preferred shares other than Preferred Shares Series O, in which case the Preferred Shares Series V may have a different, and possibly less favourable, issue price and quarterly dividend rate than if the Preferred Shares Series O were the Benchmark Shares.

The Notes will not be listed on any stock exchange and there can be no assurance that there will be a secondary market for the Notes. Each of the underwriters may from time to time purchase and sell Notes in the secondary market or make a market for the Notes, but no underwriter is obliged to do so and there can be no assurance as to a secondary market for the Notes, liquidity in any such market or any market making activities by any underwriter.

Although we have undertaken to use reasonable efforts to list the Preferred Shares Series V upon an automatic conversion of the Notes into such shares, there is no guarantee that we will be successful in obtaining such listing and, further, in such case there is no assurance that there will be a liquid market for such shares.

Prevailing interest rates will affect the market value of Notes. Assuming all other factors remain unchanged, the market value of Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

RATINGS

The Notes have received a preliminary rating of A(high) from Dominion Bond Rating Service Limited ("DBRS"), a rating of **A** from Standard & Poor's, a division of The McGraw-Hill Companies ("Standard & Poor's") and an indicated rating of Aa3 from Moody's Investor Services Inc. ("Moody's"). Credit ratings are intended to provide investors with an independent measure of the credit quality

of an issue of securities and are indicators of the likelihood of the payment capacity and willingness of a company to meet its financial commitments on an obligation in accordance with the terms of the obligation.

The A(high) rating assigned to the Notes is the third highest rating of DBRS 's ten rating categories for long term debt obligations, which range from AAA to D. DBRS uses “high” and “low” designations to indicate the relative standing of the securities being rated within a particular rating category.

The A rating assigned by Standard & Poor’s is the third highest of its ten rating categories for long term debt obligations, which range from AAA to D. Ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. No such sign has been assigned to the Notes’ rating by Standard & Poor’s.

The Aa3 rating assigned by Moody’s is the second highest of its nine rating categories for long term debt obligations, which range from Aaa to C. Moody’s Investor Services Inc. applies numerical modifiers 1, 2 and 3 in each generic rating classification in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the highest end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

The credit ratings assigned to the Notes are not recommendations to purchase, hold or sell the Notes. The credit ratings do not address market price or suitability for a particular investor and may not reflect the potential impact of all risks on the value of the Notes. In addition, real or anticipated changes in the credit ratings assigned to the Notes will generally affect the market value of the Notes. There can be no assurance that these ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely in the future by DBRS, Standard & Poor’s or Moody’s if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters relating to the Notes will be passed upon by Ogilvy Renault on behalf of the Bank and by Stikeman Elliott LLP on behalf of the underwriters.

As at June 8, 2004, the partners and associates of each of Ogilvy Renault and Stikeman Elliott LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of the Bank or of any associate or affiliate of the Bank. L. Yves Fortier, C.C., Q.C. and Christine Carron, both partners of Ogilvy Renault, are directors of the Bank and Royal Bank Mortgage Corporation, respectively.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE BANK

Dated: June 14, 2004

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

(Signed) GORDON M. NIXON
President and Chief
Executive Officer

(Signed) PETER W. CURRIE
Vice-Chairman and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) ROBERT B. PETERSON
Director

(Signed) GEORGE A. COHON
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 14, 2004

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all provinces and territories of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

RBC DOMINION SECURITIES INC.	TD SECURITIES INC.
By: (signed) BARRY NOWOSELSKI	By: (signed) J. DAVID BEATTIE

BMO NESBITT BURNS INC.	CIBC WORLD MARKETS INC.	SCOTIA CAPITAL INC.
By: (signed) PETER K. MARCHANT	By: (signed) DONALD A. FOX	By: (signed) MARY ROBERTSON

MERRILL LYNCH CANADA INC.	NATIONAL BANK FINANCIAL INC.	HSBC SECURITIES (CANADA) INC.	DESJARDINS SECURITIES INC.	LAURENTIAN BANK SECURITIES INC.
By: (signed) SUSAN RIMMER	By: (signed) IAN McPHERSON	By: (signed) ROD A. McISAAC	By: (signed) PIERRE CHARBONNEAU	By: (signed) MICHEL C. TRUDEAU

EXHIBIT

AUDITORS' CONSENT – 2002

We refer to the short form prospectus dated June 14, 2004 relating to the offering of $600,000,000 principal amount of Series 2014-1 Reset Subordinated Debentures (Subordinated Indebtedness) of Royal Bank of Canada (the "Bank"). We have read the short form prospectus and have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the short form prospectus of our reports to the shareholders of the Bank on the consolidated balance sheet as at October 31, 2002 and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the two-year period then ended. Our reports are dated November 19, 2002.

(signed) **Deloitte & Touche LLP**
Chartered Accountants
Toronto, Canada
June 14, 2004

(signed) **PricewaterhouseCoopers LLP**
Chartered Accountants
Toronto, Canada
June 14, 2004

AUDITORS' CONSENT – 2003

We refer to the short form prospectus dated June 14, 2004 relating to the offering of $600,000,000 principal amount of Series 2014-1 Reset Subordinated Debentures (Subordinated Indebtedness) of Royal Bank of Canada (the "Bank"). We have read the short form prospectus and have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the short form prospectus of our reports to the shareholders of the Bank on the consolidated balance sheet as at October 31, 2003 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. Our reports are dated November 25, 2003.

(signed) **Deloitte & Touche LLP**
Chartered Accountants
Toronto, Canada
June 14, 2004