

**Prospectus Supplement**  
**To Short Form Base Shelf Prospectus dated September 14, 2007**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement together with the short form base shelf prospectus dated September 14, 2007 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf 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.*

*The securities to be issued hereunder 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 to or for the account or benefit of U.S. persons.*

*Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated September 14, 2007 from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Head, Investor Relations, Royal Bank of Canada, 200 Bay Street, 14<sup>th</sup> Floor, South Tower, Toronto, Ontario M5J 2J5, Telephone: (416) 955-7803 or Fax: (416) 955-7800, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

**New Issue**

**April 23, 2009**



**Royal Bank of Canada**

**\$300,000,000**

**12,000,000 Non-Cumulative 5-Year Rate Reset  
First Preferred Shares, Series AX**

Our Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series AX (the “**Series AX Preferred Shares**”) will be entitled to fixed non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, as and when declared by our board of directors, for the initial period from and including the closing date of this offering to, but excluding, November 24, 2014 (the “**Initial Fixed Rate Period**”) at a per annum rate of 6.10%, or \$1.525 per share per annum. The initial dividend, if declared, will be payable on August 24, 2009 and will be \$0.48884 per share, based on an anticipated issue date of April 29, 2009.

For each five-year period after the Initial Fixed Rate Period (each a “**Subsequent Fixed Rate Period**”), the Series AX Preferred Shares will be entitled to fixed non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, as and when declared by our board of directors, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. We will determine the Annual Fixed Dividend Rate for each ensuing Subsequent Fixed Rate Period on the Fixed Rate Calculation Date (as defined herein), which rate will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus 4.13%. See “Description of the Series AX Preferred Shares and the Series AY Preferred Shares”.

**Option to Convert Into Non-Cumulative Floating Rate First Preferred Shares, Series AY**

Holders of the Series AX Preferred Shares will have the option to convert such shares into Non-Cumulative Floating Rate First Preferred Shares, Series AY (the “**Series AY Preferred Shares**”), subject to certain conditions, on November 24, 2014 and on November 24 every fifth year thereafter. Series AY Preferred Shares will be entitled to floating rate non-cumulative preferential cash dividends, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a “**Quarterly Floating Rate Period**”), as and when declared by our board of directors, in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 4.13% (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined on the Floating Rate Calculation Date (as defined herein). See “Description of the Series AX Preferred Shares and the Series AY Preferred Shares”.

Subject to the provisions of the *Bank Act* (Canada) (the “**Bank Act**”) and the consent of the Superintendent of Financial Institutions Canada (the “**Superintendent**”), on November 24, 2014 and on November 24 every fifth year thereafter, we may

redeem the Series AX Preferred Shares in whole or in part by the payment of \$25.00 in cash per share together with declared and unpaid dividends to the date fixed for redemption. See “Description of the Series AX Preferred Shares and the Series AY Preferred Shares”.

---

**Price: \$25.00 per Series AX Preferred Share to yield initially 6.10%**

---

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series AX Preferred Shares and the Series AY Preferred Shares subject to us fulfilling all of the TSX’s requirements by July 21, 2009.

The underwriters of this offering are RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Raymond James Ltd., Blackmont Capital Inc., Desjardins Securities Inc., Dundee Securities Corporation and Laurentian Bank Securities Inc. The underwriters, as principals, conditionally offer the Series AX Preferred Shares, 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 our behalf by Ogilvy Renault LLP and on behalf of the underwriters by Stikeman Elliott LLP.

**RBC Dominion Securities Inc., one of the underwriters, is our wholly-owned subsidiary. Therefore, we are a related and connected issuer of RBC Dominion Securities Inc. under applicable securities legislation. See “Plan of Distribution”.**

	<u>Price to public<sup>(1)</sup></u>	<u>Underwriters’ fee<sup>(1)(2)</sup></u>	<u>Net proceeds to the Bank<sup>(1)(3)</sup></u>
Per Series AX Preferred Share.....	\$25.00	\$0.75	\$24.25
Total.....	\$300,000,000	\$9,000,000	\$291,000,000

- (1) The underwriters have been granted an option (the “Option”) to purchase up to an additional 1,000,000 Series AX Preferred Shares (the “Option Shares”) at the offering price exercisable at any time up to 48 hours prior to closing of this offering. This prospectus qualifies both the grant of the Option and the distribution of the Option Shares that will be issued if the Option is exercised. If the underwriters purchase all such Option Shares, the price to the public, the underwriters’ fee and the net proceeds to the Bank will be \$325,000,000, \$9,750,000 and \$315,250,000, respectively, assuming no Series AX Preferred Shares are sold to the institutions referred to in Note (2) below. See “Plan of Distribution”.
- (2) The underwriters’ fee is \$0.25 for each share sold to certain institutions and \$0.75 for all other shares sold. The totals set forth in the table represent the underwriters’ fee and net proceeds assuming no shares are sold to such institutions.
- (3) Before deduction of our expenses of this issue estimated at \$350,000.

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Option	1,000,000 Series AX Preferred Shares	Exercisable at the sole discretion of the underwriters at any time up to 48 hours prior to closing	\$25.00

In connection with this offering, the underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series AX Preferred Shares. Such transactions, if commenced, may be discontinued at any time. **The underwriters may decrease the price at which the Series AX Preferred Shares are distributed for cash from the initial offering price of \$25.00 per share. See “Plan of Distribution”.**

Subscriptions will be received 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. The closing is expected to take place on or about April 29, 2009 or such later date as may be agreed upon, but in any event not later than June 4, 2009. A “book-entry only” certificate representing the Series AX Preferred Shares will be issued in registered form to CDS or its nominee and will be deposited with CDS on the closing date. No physical certificates representing the Series AX Preferred Shares will be issued to purchasers, except in limited circumstances, and registration will be made in the depository service of CDS. A purchaser of Series AX Preferred Shares will receive only a customer confirmation from a registered dealer who is a CDS participant and from or through whom the Series AX Preferred Shares are purchased. See “Book-Entry Only Securities” in the prospectus.

## Table of Contents

<u>Prospectus Supplement</u>	<u>Page</u>	<u>Page</u>	
Caution Regarding Forward-Looking Statements .....	3	Plan of Distribution .....	15
Documents Incorporated by Reference .....	4	Eligibility for Investment .....	16
Use of Proceeds .....	4	Transfer Agent and Registrar .....	16
Share Capital and Subordinated Debentures .....	4	Risk Factors .....	16
Earnings Coverage .....	5	Legal Matters .....	17
Trading Price and Volume .....	5	Certificate of the Underwriters .....	18
Description of the Series AX Preferred Shares and the Series AY Preferred Shares .....	7	Consent of Independent Registered Chartered Accountants .....	19
Certain Canadian Federal Income Tax Considerations .....	13		
Ratings .....	15		
<u>Prospectus</u>	<u>Page</u>	<u>Page</u>	
Caution Regarding Forward-Looking Statements .....	2	Earnings Coverage .....	8
Documents Incorporated by Reference .....	3	Plan of Distribution .....	9
Royal Bank of Canada .....	4	Risk Factors .....	10
Share Capital and Subordinated Indebtedness .....	4	Use of Proceeds .....	10
Description of Common Shares of the Bank .....	5	Legal Matters .....	11
Description of the Securities that May be Offered under this Prospectus .....	6	Statutory Rights of Withdrawal and Rescission .....	11
Book-Entry Only Securities .....	7	Certificate of the Bank .....	12
Bank Act Restrictions .....	8	Auditors' Consent .....	13

Capitalized terms used in this prospectus supplement that are not defined herein have the meanings ascribed to such terms in our short form base shelf prospectus dated September 14, 2007 (the “**prospectus**”).

In this prospectus supplement, unless the context otherwise indicates, “the Bank”, “we”, “us” or “our” means Royal Bank of Canada together, if the context requires, with its subsidiaries.

All dollar amounts referred to in this prospectus supplement are expressed in Canadian dollars.

### Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. We may make forward-looking statements in this prospectus supplement, in the prospectus and in the documents incorporated by reference in the prospectus, in other filings with Canadian regulators or the United States Securities and Exchange Commission, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements relating to our medium-term objectives, our strategic goals and priorities, and the economic and business outlook for us, for each of our business segments and for the Canadian, United States and international economies. The forward-looking information contained in, or incorporated by reference in, this document is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at, and for the periods ended on, the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could”, or “would”.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our objectives, strategic goals and priorities will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control – include: credit, market, operational, liquidity and funding risks, and other risks discussed in our management’s discussion and analysis for the year ended October 31, 2008 (the “**2008 Management’s**”).

**Discussion and Analysis**”) and in our management’s discussion and analysis for the three month period ended January 31, 2009 (the “**Q1 2009 Management’s Discussion and Analysis**”); market environment impacts, including the impact of the continuing volatility in the financial markets and lack of liquidity in credit markets, and our ability to effectively manage our liquidity and our capital ratios and implement effective risk management procedures; general business and economic conditions in Canada, the United States and other countries in which we conduct business; changes in accounting standards, policies and estimates, including changes in our estimates of provisions, allowances and valuations; the impact of the movement of the Canadian dollar relative to other currencies, particularly the U.S. dollar, British pound and Euro; the effects of changes in government fiscal, monetary and other policies; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations, including tax laws; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and to complete and integrate strategic acquisitions and joint ventures successfully; changes to our credit ratings; and development and integration of our distribution networks. We caution that the foregoing list of important factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by us or on our behalf. Additional information about these and other factors can be found in the “Risk, capital and liquidity management” section of our Q1 2009 Management’s Discussion and Analysis and in our 2008 Management’s Discussion and Analysis incorporated by reference in the prospectus.

### **Documents Incorporated by Reference**

This prospectus supplement is deemed to be incorporated by reference into the prospectus solely for the purpose of the Series AX Preferred Shares offered hereunder.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the prospectus is deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein 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 was required to be stated or that was 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 supplement.

### **Use of Proceeds**

The net proceeds to us from the sale of the Series AX Preferred Shares, after deducting estimated expenses of the issue and the underwriters’ fee (assuming the underwriters’ fee is \$0.75 per share for all Series AX Preferred Shares sold), will be approximately \$290,650,000, assuming no exercise of the Option, or \$314,900,000, assuming full exercise of the Option. The net proceeds will be added to our general funds and will be used for general business purposes, including investment in subsidiaries of the Bank.

### **Share Capital and Subordinated Debentures**

As at March 31, 2009, we had 1,408,010,253 common shares, 163,500,000 First Preferred Shares and no second preferred shares outstanding.

The selected consolidated financial data set out below are extracted from our consolidated financial statements as at and for the year ended October 31, 2008 and as at and for the three month period ended January 31, 2009.

	<u>October 31, 2008</u>	<u>January 31, 2009</u>
	(\$ millions)	(\$ millions)
Subordinated debentures	8,131	7,784
Trust capital securities <sup>(1)</sup>	1,400	1,399
RBC Trust capital securities included in non-controlling interest in subsidiaries <sup>(1)</sup>	1,731	1,705
Preferred shares <sup>(3)(4)</sup>	2,663	3,813
Common shares	10,384	12,694
Contributed surplus	242	242
Retained earnings <sup>(2)(4)</sup>	19,816	20,060
Treasury shares – preferred	(5)	(2)
– common	(104)	(88)
Accumulated other comprehensive income (loss)	(2,358)	(2,547)

- (1) For more information on the classification of trust capital securities, refer to Note 17 of our audited consolidated financial statements for the year ended October 31, 2008.
- (2) Opening retained earnings as at November 1, 2006 has been restated. For additional information, refer to Note 1 of our unaudited interim consolidated financial statements for the three month period ended January 31, 2009.
- (3) We issued \$275 million of Non-Cumulative First Preferred Shares, Series AT on March 9, 2009 and \$400 million of Non-Cumulative First Preferred Shares, Series AV on April 1, 2009 (together, the “**Series AT and AV Offerings**”)
- (4) After giving effect to the Series AT and AV Offerings and this offering (assuming full exercise of the Option), preferred shares would have amounted to \$4,813 million and retained earnings would have amounted to \$20,039 million as at January 31, 2009.

### **Earnings Coverage**

The following consolidated earnings coverage ratios are calculated for the 12 months ended October 31, 2008 and January 31, 2009 and give effect to the Series AT and AV Offerings referred to in Note (3) to the table under the heading “Share Capital and Subordinated Debentures” and to this offering (assuming full exercise of the Option):

	<u>October 31, 2008</u>	<u>January 31, 2009</u>
Earnings coverage on subordinated debentures .....	14.0 times	13.3 times
Dividend coverage on preferred shares .....	27.9 times	24.2 times
Interest and grossed up dividend coverage on subordinated debentures, trust capital securities and preferred shares.....	8.9 times	8.5 times

Our interest requirements on our subordinated debentures amounted to \$455 million for the 12 months ended October 31, 2008 and \$475 million for the 12 months ended January 31, 2009. Our dividend requirements on our outstanding First Preferred Shares, after giving effect to the Series AT and AV Offerings and this offering (assuming full exercise of the Option) and adjusted to a before-tax equivalent basis using an effective income tax rate of 32.5% for the 12 months ended October 31, 2008 and 32.2% for the 12 months ended January 31, 2009, amounted to \$242 million for the 12 months ended October 31, 2008 and \$266 million for the 12 months ended January 31, 2009. Our earnings before interest expense and income tax for the 12 months ended October 31, 2008 were \$6,379 million, 8.9 times our aggregate dividend and interest requirements for the period. Our earnings before interest expense and income tax for the 12 months ended January 31, 2009 were \$6,302 million, 8.5 times our aggregate dividend and interest requirements for the period.

In calculating the dividend and interest coverages, foreign currency amounts have been converted to Canadian dollars using the rates of exchange as at the end of each month. For the 12 months ended October 31, 2008, the average exchange rate was Cdn.\$1.0317 per U.S.\$1.00. For the 12 months ended January 31, 2009, the average exchange rate was Cdn.\$1.0889 per U.S.\$1.00.

### **Trading Price and Volume**

The following table sets out the price range and trading volumes of our outstanding common shares on the TSX (as reported by TSX Historical Data Access) and the NYSE (as reported by NYSE Euronext Volume Trac) for the periods indicated.

Month	Common Shares (TSX)			Common Shares (NYSE)		
	High (\$)	Low (\$)	Volume	High (\$US)	Low (\$US)	Volume
April 1-22, 2009	43.74	35.51	93,653,363	36.03	27.97	14,422,088
Mar. 2009	37.94	28.56	162,121,251	31.00	22.02	22,802,410
Feb. 2009	32.50	25.52	124,901,693	26.42	20.51	20,132,103
Jan. 2009	38.04	28.08	142,117,114	32.09	22.79	26,303,646
Dec. 2008	41.50	32.90	138,164,302	33.49	26.51	22,220,457

The following table provides the price range and trading volumes of our outstanding First Preferred Shares on the TSX (as reported by TSX Historical Data Access) for the periods indicated.

Month	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>Series W</b>			<b>Series AA</b>			
April 1-22, 2009	19.75	18.57	106,242	18.30	17.22	137,183
Mar. 2009	19.55	17.00	215,172	17.71	15.85	273,840
Feb. 2009	19.49	18.05	189,144	17.50	15.90	130,956
Jan. 2009	19.99	18.68	337,554	18.30	17.15	401,029
Dec. 2008	19.10	15.54	479,016	17.40	14.26	430,382
<b>Series AB</b>			<b>Series AC</b>			
Apr. 1-22, 2009	19.00	17.75	176,857	18.60	17.20	122,177
Mar. 2009	18.00	16.19	275,870	17.50	16.05	114,225
Feb. 2009	18.12	16.45	275,865	17.91	16.26	89,165
Jan. 2009	19.25	17.93	289,724	18.45	17.55	256,870
Dec. 2008	17.99	15.05	674,556	17.79	14.52	454,289
<b>Series AD</b>			<b>Series AE</b>			
Apr. 1-22, 2009	18.08	16.87	421,542	18.20	16.76	220,476
Mar. 2009	17.25	15.62	365,877	17.32	15.82	248,292
Feb. 2009	17.58	16.00	212,223	17.90	16.06	133,020
Jan. 2009	18.00	17.38	328,542	18.60	17.36	299,616
Dec. 2008	17.50	14.51	491,188	16.99	14.20	710,751
<b>Series AF</b>			<b>Series AG</b>			
Apr. 1-22, 2009	18.00	16.69	119,305	18.19	16.81	142,890
Mar. 2009	16.98	15.08	189,633	17.49	15.75	199,828
Feb. 2009	17.80	15.61	126,612	18.00	16.02	185,256
Jan. 2009	17.99	17.28	141,571	18.09	17.35	194,368
Dec. 2008	17.44	14.38	568,275	16.99	14.26	548,030
<b>Series AH</b>			<b>Series AJ</b>			
Apr. 1-22, 2009	23.00	21.50	122,791	24.47	22.95	170,924
Mar. 2009	22.33	20.02	169,733	23.50	21.75	218,769
Feb. 2009	21.74	20.00	225,328	23.00	21.55	183,463
Jan. 2009	22.69	21.00	353,908	23.55	22.25	334,416
Dec. 2008	21.50	17.80	313,736	22.85	20.40	638,188
<b>Series AL</b>			<b>Series AN<sup>(1)</sup></b>			
Apr. 1-22, 2009	25.00	24.07	494,195	26.50	25.41	191,605
Mar. 2009	24.50	22.85	222,464	25.99	25.04	238,793
Feb. 2009	24.43	23.00	225,767	25.50	25.00	183,159
Jan. 2009	25.10	22.50	213,201	26.50	24.99	553,836
Dec. 2008	25.00	23.90	293,921	26.99	24.85	1,300,200

	Series AP <sup>(2)</sup>			Series AR <sup>(3)</sup>		
Apr. 1-22, 2009	26.47	25.60	247,392	26.74	25.50	432,181
Mar. 2009	25.98	24.99	550,958	25.98	25.00	915,300
Feb. 2009	25.50	25.05	428,174	25.75	24.90	1,663,110
Jan. 2009	25.45	25.00	1,930,391	25.00	24.96	1,179,543
	Series AT <sup>(4)</sup>			Series AV <sup>(5)</sup>		
Apr. 1-22, 2009	26.30	25.14	713,691	26.00	24.91	2,847,804
Mar. 2009	25.54	24.70	1,823,112	–	–	–

- (1) We issued 9,000,000 Non-Cumulative First Preferred Shares, Series AN on December 8, 2008 at an issue price of \$25.00 per share.
- (2) We issued 11,000,000 Non-Cumulative First Preferred Shares, Series AP on January 14, 2009 at an issue price of \$25.00 per share.
- (3) We issued 14,000,000 Non-Cumulative First Preferred Shares, Series AR on January 29, 2009 at an issue price of \$25.00 per share.
- (4) We issued 11,000,000 Non-Cumulative First Preferred Shares, Series AT on March 9, 2009 at an issue price of \$25.00 per share.
- (5) We issued 16,000,000 Non-Cumulative First Preferred Shares, Series AV on April 1, 2009 at an issue price of \$25.00 per share.

### Description of the Series AX Preferred Shares and the Series AY Preferred Shares

#### Provisions Unique to the Series AX Preferred Shares

The Series AX Preferred Shares will be issued as a series of First Preferred Shares of the Bank. See “Description of the Securities that May be Offered under this Prospectus – First Preferred Shares” in the prospectus.

#### *Defined Terms*

The following definitions are relevant to the Series AX Preferred Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.13%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the arithmetic average of the yields quoted to the Bank by two registered Canadian investment dealers selected by the Bank as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the closing date of this offering to, but excluding, November 24, 2014.

“**Subsequent Fixed Rate Period**” means the period from and including November 24, 2014 to, but excluding, November 24, 2019 and each five year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, November 24 in the fifth year thereafter.

#### *Issue Price*

The issue price per Series AX Preferred Share is \$25.00.

### *Dividends*

During the Initial Fixed Rate Period, the holders of the Series AX Preferred Shares will be entitled to receive fixed rate non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year at a per annum rate of 6.10%, or \$1.525 per share per annum. The first such dividend, if declared, will be paid on August 24, 2009 and, assuming an issue date of April 29, 2009, will amount to \$0.48884 per share.

During each Subsequent Fixed Rate Period, the holders of the Series AX Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable quarterly on the 24<sup>th</sup> day of February, May, August and November in each year, in an amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

We will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon us and upon all holders of Series AX Preferred Shares. We will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of Series AX Preferred Shares.

If our board of directors does not declare a dividend, or any part thereof, on the Series AX Preferred Shares on or before the dividend payment date therefor, then the rights of the holders of the Series AX Preferred Shares to such dividend, or to any part thereof, will be extinguished.

We are restricted under the Bank Act from paying dividends on the Series AX Preferred Shares in certain circumstances. See “Bank Act Restrictions” in the prospectus.

### *Redemption*

The Series AX Preferred Shares will not be redeemable prior to November 24, 2014. Subject to the provisions of the Bank Act (see “Bank Act Restrictions” in the prospectus), the consent of the Superintendent and the provisions described below under “Provisions Common to the Series AX Preferred Shares and the Series AY Preferred Shares – Restrictions on Dividends and Retirement of Shares”, on November 24, 2014 and on each November 24 every fifth year thereafter, we may redeem all or any part of the outstanding Series AX Preferred Shares, at our option, by the payment in cash of \$25.00 per share so redeemed together with declared and unpaid dividends to, but excluding, the redemption date.

We will 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 then outstanding Series AX Preferred Shares is at any time to be redeemed, the Series AX Preferred Shares will be redeemed *pro rata* disregarding fractions, or in such other manner as our board of directors determines.

### *Conversion of Series AX Preferred Shares into Series AY Preferred Shares*

#### Conversion at the Option of the Holder

Holders of Series AX Preferred Shares will have the right, at their option, on November 24, 2014 and on each November 24 every fifth year thereafter (each such date a “**Series AX Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to us of evidence of payment of the tax (if any) payable, all or any of their Series AX Preferred Shares into Series AY Preferred Shares on the basis of one Series AY Preferred Share for each Series AX Preferred Share. Notice of a holder’s intention to convert Series AX Preferred Shares is irrevocable and must be received by us not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding (or, if such day is not a business day, on the first business day after such day), the relevant Series AX Conversion Date.

We will, not more than 60 and not less than 30 days prior to each Series AX Conversion Date, give notice in writing to the then registered holders of the Series AX Preferred Shares of the above-mentioned conversion right. On the 30<sup>th</sup> day prior to each Series AX Conversion Date we will give notice in writing to the then registered holders of the Series AX Preferred Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined below) applicable to the Series AY Preferred Shares for the next Quarterly Floating Rate Period (as defined below).

## Automatic Conversion and Restrictions on Conversion

Series AY Preferred Shares may, on November 24, 2019 and on each November 24 every fifth year thereafter, be converted into Series AX Preferred Shares at the option of the holders thereof (see “Provisions Unique to the Series AY Preferred Shares – Conversion of Series AY Preferred Shares into Series AX Preferred Shares” below).

If we determine that there would remain outstanding on a Series AX Conversion Date less than 1,000,000 Series AX Preferred Shares, after having taken into account all Series AX Preferred Shares tendered for conversion into Series AY Preferred Shares and all Series AY Preferred Shares tendered for conversion into Series AX Preferred Shares, then, all, but not part, of the remaining outstanding Series AX Preferred Shares will automatically be converted into Series AY Preferred Shares on the basis of one Series AY Preferred Share for each Series AX Preferred Share on the applicable Series AX Conversion Date and we will give notice in writing thereof to the then registered holders of such remaining Series AX Preferred Shares at least seven days prior to the Series AX Conversion Date.

Alternatively, holders of Series AX Preferred Shares will not be entitled to convert their shares into Series AY Preferred Shares if we determine that there would remain outstanding on a Series AX Conversion Date less than 1,000,000 Series AY Preferred Shares after having taken into account all Series AX Preferred Shares tendered for conversion into Series AY Preferred Shares and all Series AY Preferred Shares tendered for conversion into Series AX Preferred Shares. We will give notice in writing thereof to all registered holders of the Series AX Preferred Shares at least seven days prior to the applicable Series AX Conversion Date.

If we give notice to the registered holders of the Series AX Preferred Shares of the redemption of all the Series AX Preferred Shares, we will not be required to give notice as provided hereunder to the registered holders of the Series AX Preferred Shares of any dividend rates or of the conversion right of holders of Series AX Preferred Shares and the right of any holder of Series AX Preferred Shares to convert such shares will terminate.

## Provisions Unique to the Series AY Preferred Shares

If and when issued, the Series AY Preferred Shares will be issued as a series of First Preferred Shares of the Bank. See “Description of the Securities that May be Offered under this Prospectus – First Preferred Shares” in the prospectus.

### *Defined Terms*

The following definitions are relevant to the Series AY Preferred Shares.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.13% (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Quarterly Commencement Date**” means the 24<sup>th</sup> day of February, May, August and November in each year, commencing November 24, 2014.

“**Quarterly Floating Rate Period**” means the period from and including November 24, 2014 to, but excluding, the next Quarterly Commencement Date, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next Quarterly Commencement Date.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

### *Issue Price*

The issue price per Series AY Preferred Share is \$25.00.

### *Dividends*

The holders of the Series AY Preferred Shares will be entitled to receive quarterly floating rate non-cumulative preferential cash dividends, as and when declared by our board of directors, subject to the provisions of the Bank Act, payable on the 24<sup>th</sup> day of February, May, August and November in each year. Such quarterly cash dividends, if declared, will be in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by us on the relevant Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon us and upon all holders of Series AY Preferred Shares. We will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Series AY Preferred Shares.

If our board of directors does not declare a dividend, or any part thereof, on the Series AY Preferred Shares on or before the dividend payment date therefor, then the rights of the holders of the Series AY Preferred Shares to such dividend, or to any part thereof, will be extinguished.

We are restricted under the Bank Act from paying dividends on the Series AY Preferred Shares in certain circumstances. See “Bank Act Restrictions” in the prospectus.

### *Redemption*

Subject to the provisions of the Bank Act (see “Bank Act Restrictions” in the prospectus), the consent of the Superintendent and the provisions described below under “Provisions Common to the Series AX Preferred Shares and the Series AY Preferred Shares – Restrictions on Dividends and Retirement of Shares”, we may redeem all or any part of the outstanding Series AY Preferred Shares, at our option, by the payment of an amount in cash per share of (i) \$25.00 in the case of redemptions on November 24, 2019 and on each November 24 every fifth year thereafter, or (ii) \$25.50 in the case of redemptions on any other date on or after November 24, 2014, together, in each case, with declared and unpaid dividends to, but excluding, the redemption date.

We will 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 then outstanding Series AY Preferred Shares is at any time to be redeemed, the Series AY Preferred Shares will be redeemed *pro rata* disregarding fractions, or in such other manner as our board of directors determines.

### *Conversion of Series AY Preferred Shares into Series AX Preferred Shares*

#### Conversion at the Option of the Holder

Holders of Series AY Preferred Shares will have the right, at their option, on November 24, 2019 and on each November 24 every fifth year thereafter (each such date a “**Series AY Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to us of evidence of payment of the tax (if any) payable, all or any of their Series AY Preferred Shares into Series AX Preferred Shares on the basis of one Series AX Preferred Share for each Series AY Preferred Share. Notice of a holder’s intention to convert Series AY Preferred Shares is irrevocable and must be received by us not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding (or, if such day is not a business day, on the first business day after such day), the relevant Series AY Conversion Date.

We will, not more than 60 and not less than 30 days prior to each Series AY Conversion Date, give notice in writing to the then registered holders of the Series AY Preferred Shares of the above-mentioned conversion right. On the 30<sup>th</sup> day prior to each Series AY Conversion Date, Bank will give notice in writing to the then registered holders of the Series AY Preferred Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series AX Preferred Shares for the next Subsequent Fixed Rate Period.

#### Automatic Conversion and Restrictions on Conversion

If we determine that there would remain outstanding on a Series AY Conversion Date less than 1,000,000 Series AY Preferred Shares, after having taken into account all Series AY Preferred Shares tendered for conversion into Series AX Preferred Shares and all Series AX Preferred Shares tendered for conversion into Series AY Preferred Shares (see

“Provisions Unique to the Series AX Preferred Shares – Conversion of Series AX Preferred Shares into Series AY Preferred Shares” above), then, all, but not part, of the remaining outstanding Series AY Preferred Shares will automatically be converted into Series AX Preferred Shares on the basis of one Series AX Preferred Share for each Series AY Preferred Share on the applicable Series AY Conversion Date and we will give notice in writing thereof to the then registered holders of such remaining Series AY Preferred Shares at least seven days prior to the Series AY Conversion Date.

Alternatively, holders of Series AY Preferred Shares will not be entitled to convert their shares into Series AX Preferred Shares if we determine that there would remain outstanding on a Series AY Conversion Date less than 1,000,000 Series AX Preferred Shares after having taken into account all Series AY Preferred Shares tendered for conversion into Series AX Preferred Shares and all Series AX Preferred Shares tendered for conversion into Series AY Preferred Shares. We will give notice in writing thereof to all registered holders of the Series AY Preferred Shares at least seven days prior to the applicable Series AY Conversion Date.

If we give notice to the registered holders of the Series AY Preferred Shares of the redemption of all the Series AY Preferred Shares, we will not be required to give notice as provided hereunder to the registered holders of the Series AY Preferred Shares of any dividend rates or of the conversion right of holders of Series AY Preferred Shares and the right of any holder of Series AY Preferred Shares to convert such shares will terminate.

### **Provisions Common to the Series AX Preferred Shares and the Series AY Preferred Shares**

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

We may, at any time by resolution of our board of directors, constitute 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 (or the then equivalent) of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent (or if such guidelines are not applicable, having such rights, restrictions and conditions as our board of directors may determine). We will ensure that such New Preferred Shares will not, if issued, be or be deemed to be “term preferred shares” or “short-term preferred shares” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”). We may, with the consent of the Superintendent, give registered holders of either Series AX Preferred Shares or Series AY Preferred Shares notice that they have the right, pursuant to the terms of the applicable series, at their option, to convert their Series AX Preferred Shares or their Series AY Preferred Shares, as applicable, on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. We will give notice to registered holders not more than 60 days and not less than 30 days prior to the conversion date. See “Bank Act Restrictions” in the prospectus.

#### *Purchase for Cancellation*

Subject to the provisions of the Bank Act, the provisions described below under “Restrictions on Dividends and Retirement of Shares” and the consent of the Superintendent, we may at any time, by private contract or in the market or by tender, purchase for cancellation any Series AX Preferred Shares or any Series AY Preferred Shares 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, holders of Series AX Preferred Shares or Series AY Preferred Shares will be entitled to receive \$25.00 per share, 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 Series AX Preferred Shares or the Series AY Preferred Shares, as applicable. The holders of Series AX Preferred Shares and Series AY Preferred Shares will not be entitled to share in any further distribution of our assets.

#### *Restrictions on Dividends and Retirement of Shares*

So long as any Series AX Preferred Shares or Series AY Preferred Shares are outstanding, we will not, without the approval of the holders of the relevant series:

- pay any dividends on any second preferred shares, any common shares or any other shares ranking junior to the Series AX Preferred Shares or the Series AY Preferred Shares, as applicable (other than stock dividends in any shares ranking junior to the relevant series); or

- redeem, purchase or otherwise retire any second preferred shares, any common shares or any other shares ranking junior to the Series AX Preferred Shares or the Series AY Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the relevant series); or
- redeem, purchase or otherwise retire less than all of the Series AX Preferred Shares or the Series AY Preferred Shares; 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 Series AX Preferred Shares or the Series AY Preferred Shares;

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 we have paid, or set apart for payment, all declared dividends in respect of each series of non-cumulative First Preferred Shares (including the Series AX Preferred Shares and the Series AY Preferred Shares) then issued and outstanding, and on all other non-cumulative shares ranking on a parity with the First Preferred Shares. See “Bank Act Restrictions” in the prospectus.

#### *Issue of Additional Series of First Preferred Shares*

We may issue other series of First Preferred Shares ranking on parity with the Series AX Preferred Shares and the Series AY Preferred Shares without the approval of the holders of either the Series AX Preferred Shares or the Series AY Preferred Shares as a series.

#### *Amendments to Series*

We will not without, but may from time to time with, the approval of the holders of the applicable series given as specified below and any approval of the TSX as may be necessary, delete, add to or vary any rights, privileges, restrictions or conditions attaching to the Series AX Preferred Shares or the Series AY Preferred Shares. In addition, we will not without, but may from time to time with, the consent of the Superintendent, make any such deletion, addition or variation which might affect the classification afforded the Series AX Preferred Shares or the Series AY Preferred Shares 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 Series AX Preferred Shares or the Series AY Preferred Shares as a series and any other approval to be given by the holders of either the Series AX Preferred Shares or the Series AY Preferred Shares may be given in writing by the holders of not less than all of the outstanding shares of the applicable series or by a resolution carried by the affirmative vote of not less than 66% of the votes cast at a meeting of holders of the applicable series at which a quorum of the outstanding shares of the relevant series is represented. Pursuant to our by-laws, a quorum at any meeting of the holders of a series of First Preferred Shares is 51% of the shares entitled to vote at any such meeting, except that at a reconvened meeting following a meeting which was adjourned due to lack of quorum, there is no quorum requirement. At any meeting of holders of either the Series AX Preferred Shares or Series AY Preferred Shares as a series, each such holder will be entitled to one vote in respect of each share of the relevant series held.

#### *Voting Rights*

Subject to the provisions of the Bank Act, holders of Series AX Preferred Shares or Series AY Preferred Shares, as such, will not be 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 have been extinguished as described under “Provisions Unique to the Series AX Preferred Shares – Dividends” and “Provisions Unique to the Series AY Preferred Shares – Dividends” above. In that event, the holders of shares of the relevant series 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 shares of the relevant series will forthwith cease upon payment by us of the first quarterly dividend on the shares of such series to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the shares of the relevant series have again been extinguished, such voting rights will become effective again and so on from time to time.

### *Tax Election*

The Series AX Preferred Shares and the Series AY Preferred Shares will be “taxable preferred shares” as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. The terms of the Series AX Preferred Shares and the Series AY Preferred Shares require us to make the necessary election under Part VI.1 of the Tax Act so that the corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series AX Preferred Shares and Series AY Preferred Shares. See “Certain Canadian Federal Income Tax Considerations”.

### *Bank Act Restrictions*

We reserve the right not to issue shares, including Series AX Preferred Shares or Series AY Preferred Shares, to any person whose address is in, or whom we or our transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require us to take any action to comply with the securities, banking or analogous laws of such jurisdiction. See also “Bank Act Restrictions” in the prospectus.

### *Non-Business Days*

If any action or payment is required to be taken or paid by us or any matter, consequence or other thing is provided to occur, in respect of the Series AX Preferred Shares or the Series AY Preferred Shares, on a day that is a Saturday or a Sunday or on a day on which banking institutions in Toronto, Canada are authorized or obligated to close (a “**non-business day**”), then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is not a non-business day.

## **Certain Canadian Federal Income Tax Considerations**

The following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser of Series AX Preferred Shares pursuant to this prospectus supplement who, for the purposes of the Tax Act and the regulations thereunder (the “**Regulations**”), is resident or is deemed to be resident in Canada, deals at arm's length with us, is not affiliated with us, holds such Series AX Preferred Shares, and will hold any Series AY Preferred Shares, as capital property and is not exempt from tax under Part I of the Tax Act (a “**holder**”). Generally, the Series AX Preferred Shares and Series AY Preferred Shares will be capital property to a holder provided the holder does not acquire such shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders whose Series AX Preferred Shares or Series AY Preferred Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have such shares 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, 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, or a person to whom the functional currency for the purposes of the Tax Act is not the Canadian dollar. Such purchasers should consult their own tax advisors. Furthermore, this summary is not applicable to a purchaser that is 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 Series AX Preferred Shares or the Series AY Preferred Shares outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Series AX Preferred Shares and Series AY Preferred Shares are listed on a designated stock exchange in Canada (as defined in the Tax Act) at such times as dividends (including deemed dividends) are received on such shares.

This summary is based upon the current provisions of the Tax Act and the Regulations, and the Bank's Canadian legal counsel's 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 is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not 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 to any particular holder is made.**

**Accordingly, prospective purchasers of Series AX Preferred Shares should consult their own tax advisors with respect to their particular circumstances.**

#### *Dividends*

Dividends (including deemed dividends) received on the Series AX Preferred Shares or the Series AY Preferred Shares by an individual (other than certain trusts) 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. In certain circumstances, such shareholders will be entitled to an enhanced dividend tax credit in respect of "eligible dividends". Eligible dividends generally include dividends received from public corporations resident in Canada to the extent such corporations have business income subject to the general corporate tax rate. We will notify shareholders, in accordance with the Tax Act, of the extent to which dividends on the Series AX Preferred Shares or the Series AY Preferred Shares are eligible dividends. Dividends (including deemed dividends) on the Series AX Preferred Shares or the Series AY Preferred Shares received by a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series AX Preferred Shares and the Series AY Preferred Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series AX Preferred Shares and the Series AY Preferred Shares require us to make, and we will make, the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends paid (or deemed to be paid) by us on either series of shares.

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 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on Series AX Preferred Shares and Series AY Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dividends received by an individual may give rise to a liability for alternative minimum tax.

#### *Redemption*

If we redeem Series AX Preferred Shares or Series AY Preferred Shares for cash or otherwise acquire such shares other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the holder will be deemed to have received a dividend equal to the amount, if any, paid by us in excess of the paid-up capital (as that term is defined in the Tax Act) 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. See "Dispositions" below. In the case of a corporate holder, 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.

#### *Dispositions*

A holder who disposes of or is deemed to dispose of Series AX Preferred Shares or Series AY Preferred Shares (either on redemption of the shares for cash or otherwise, but not on conversion) 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 that holder. As noted above, the amount of any deemed dividend arising on the redemption or purchase for cancellation by us of Series AX Preferred Shares or Series AY Preferred Shares will not be included in computing the proceeds of disposition to a holder for purposes of computing the capital gain or capital loss arising on the disposition of the such shares. See "Redemption" above.

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 the year, carried back three years or carried forward to a subsequent taxation year, subject to and 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 6 $\frac{2}{3}$ % of such taxable gains. Capital gains realized by an individual may give rise to alternative minimum tax under the Tax Act. If a holder is a corporation, a capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares.

## *Conversion*

The conversion of the Series AX Preferred Shares into Series AY Preferred Shares or New Preferred Shares and the conversion of Series AY Preferred Shares into Series AX Preferred Shares or New Preferred Shares will be deemed not to be a disposition and accordingly will not give rise to any capital gain or capital loss. The cost to a holder of Series AY Preferred Shares, Series AX Preferred Shares or New Preferred Shares, as the case may be, received on the conversion will be deemed to be equal to the holder's adjusted cost base of the converted Series AX Preferred Shares or the Series AY Preferred Shares, as the case may be, immediately before the conversion.

## **Ratings**

The Series AX Preferred Shares are provisionally rated "Pfd-1 Under Review with Negative Implications" by DBRS Limited ("**DBRS**"). The "Pfd-1" rating is in the highest category available from DBRS for preferred shares. A rating that is "Under Review with Negative Implications" acts as a signal indicating that the outstanding rating may no longer be appropriate. We have been advised that, in the opinion of DBRS, the "Pfd-1" rating on our non-cumulative preferred shares may no longer be appropriate due to a change in the methodology for the industry.

The Series AX Preferred Shares are provisionally rated "P-1(Low)" by Standard & Poor's ("**S&P**") using the S&P Canadian scale for preferred shares and "A" using S&P's global scale for preferred shares. The "P-1" rating is the highest of the five categories used by S&P on its Canadian preferred share scale. A reference to "High" or "Low" reflects the relative strength within the rating category. The "A" rating is the highest of the three categories used by S&P on its global scale.

The Series AX Preferred Shares are provisionally rated "Aa2" by Moody's Investors Service. Securities rated "Aa" are considered high quality and subject to very low credit risk. The modifier "2" indicates that the obligation ranks in the mid-range of the "Aa" rating category.

Prospective purchasers of Series AX Preferred Shares should consult the relevant rating organization with respect to the interpretation and implications of the foregoing provisional ratings. The foregoing ratings should not be construed as recommendations to buy, sell or hold Series AX Preferred Shares. Ratings may be revised or withdrawn at any time by the respective rating organizations.

## **Plan of Distribution**

Pursuant to an underwriting agreement dated April 23, 2009, we have agreed to sell and the underwriters have severally agreed to purchase on April 29, 2009, or such date as may be agreed upon, but not later than June 4, 2009, subject to the terms and conditions stated in the underwriting agreement, all but not less than 12,000,000 Series AX Preferred Shares at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Series AX Preferred Shares. The obligations of the underwriters under the underwriting agreement may be terminated at their discretion upon the occurrence of certain stated events. The underwriters are, however, obligated to take up and pay for all of the Series AX Preferred Shares if any are purchased under the underwriting agreement.

We have granted to the underwriters the Option to purchase up to an additional 1,000,000 Series AX Preferred Shares at the offering price hereunder, exercisable at any time up to 48 hours prior to closing of the offering.

The underwriting agreement provides that the underwriters will be paid a fee per share equal to \$0.25 for each Series AX Preferred Share sold to certain institutions and \$0.75 for all other Series AX Preferred Shares sold.

After the underwriters have made a reasonable effort to sell all of the Series AX Preferred Shares at \$25.00 per share, the price of the Series AX Preferred Shares may be decreased, and further changed from time to time, by the underwriters to an amount not greater than \$25.00 per share and, in such case, the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series AX Preferred Shares is less than the gross proceeds paid by the underwriters to the Bank.

Pursuant to policy statements of certain securities regulators, the underwriters may not, throughout the period of distribution, bid for or purchase any Series AX Preferred Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series AX Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada, relating to market stabilization and passive market making activities

and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing, in connection with this offering, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series AX Preferred Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Pursuant to an Ontario securities rule, the underwriters may not, beginning on the date that the offering price was determined and throughout the period of distribution of the Series AX Preferred Shares (the “**Restricted Period**”), bid for or purchase Series AX Preferred Shares. The foregoing restriction is subject to certain exceptions. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities, provided that the bid or purchase does not exceed the lesser of the offering price and the last independent sale price at the time of the entry of the bid or order to purchase, and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series AX Preferred Shares. Pursuant to the first mentioned exception, in connection with this offering, the underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series AX Preferred Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

We 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 Series AX Preferred Shares and the determination of the terms of this offering were made through negotiations between us on the one hand and the underwriters on the other. 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 the offering and in the due diligence activities performed by the underwriters for the 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.

#### **Eligibility for Investment**

In the opinion of our counsel, Ogilvy Renault LLP, and in the opinion of the underwriters' counsel, Stikeman Elliott LLP, the Series AX Preferred Shares, provided they are listed on a designated stock exchange (which currently includes the TSX), if issued on the date of this prospectus supplement, would be qualified investments under the Tax Act and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts.

#### **Transfer Agent and Registrar**

Computershare Trust Company of Canada at its offices in the cities of Toronto, Montreal, Halifax, Winnipeg, Calgary and Vancouver will be the transfer agent and registrar for the Series AX Preferred Shares and the Series AY Preferred Shares.

#### **Risk Factors**

An investment in the Series AX Preferred Shares is subject to certain risks including those set out in the prospectus and the following:

The value of the Series AX Preferred Shares and the Series AY Preferred Shares will be affected by our general creditworthiness. Our 2008 Management's Discussion and Analysis and Q1 2009 Management's Discussion and Analysis are incorporated by reference in the prospectus. Such 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.

Prevailing yields on similar securities will affect the market value of Series AX Preferred Shares and Series AY Preferred Shares.

See “Share Capital and Subordinated Debentures” and “Earnings Coverage”, which are relevant to an assessment of the risk that we will be unable to pay dividends and any redemption price on Series AX Preferred Shares or Series AY Preferred Shares when due.

The dividend rate in respect of Series AX Preferred Shares and Series AY Preferred Shares will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

We have covenanted that if a distribution is not paid when due on any outstanding RBC Trust Capital Securities (also known as “**RBC TruCS**”) issued by RBC Capital Trust or RBC Capital Trust II, we will not pay dividends on our outstanding preferred or common shares, which would include the Series AX Preferred Shares and the Series AY Preferred Shares, for a specified period of time unless the required distribution is paid to the holders of RBC TruCS.

The redemption of Series AX Preferred Shares or Series AY Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the Bank Act. See “Bank Act Restrictions” in the prospectus and “Description of the Series AX Preferred Shares and the Series AY Preferred Shares – Provisions Common to the Series AX Preferred Shares and the Series AY Preferred Shares – Restrictions on Dividends and Retirement of Shares” in this prospectus supplement.

An investment in the Series AX Preferred Shares may become an investment in Series AY Preferred Shares without the consent of the holder in the event of an automatic conversion in certain circumstances. Upon the automatic conversion of the Series AX Preferred Shares into Series AY Preferred Shares, the dividend rate on the Series AY Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series AX Preferred Shares into Series AY Preferred Shares, and vice versa, in certain circumstances. See “Description of the Series AX Preferred Shares and the Series AY Preferred Shares”.

### **Legal Matters**

The matters referred to under “Certain Canadian Federal Income Tax Considerations” and certain other legal matters relating to this offering will be passed upon by Ogilvy Renault LLP on our behalf and Stikeman Elliott LLP on behalf of the underwriters.

As at April 22, 2009, the partners and associates of each of Ogilvy Renault LLP 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.

**Certificate of the Underwriters**

Dated: April 23, 2009

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

By: (signed) "Rajiv Bahl"

TD SECURITIES INC.

By: (signed) "Jonathan Broer"

BMO NESBITT BURNS INC.

By: (signed)  
"Bradley J. Hardie"

CIBC WORLD MARKETS INC.

By: (signed)  
"Shannan M. Levere"

NATIONAL BANK FINANCIAL  
INC.

By: (signed)  
"Darin Deschamps"

SCOTIA CAPITAL INC.

By: (signed)  
"Mary Robertson"

HSBC SECURITIES (CANADA) INC.

By: (signed) "Catherine J. Code"

CANACCORD CAPITAL CORPORATION

By: (signed)  
"Craig G.H. Warren"

RAYMOND JAMES LTD.

By: (signed)  
"J. Graham Fell"

BLACKMONT CAPITAL INC.

By: (signed)  
"Charles A.V. Pennock"

DESJARDINS SECURITIES INC.

By: (signed)  
"Thomas L. Jarmai"

DUNDEE SECURITIES  
CORPORATION

By: (signed)  
"Aaron Unger"

LAURENTIAN BANK  
SECURITIES INC.

By: (signed)  
"Michel Richard"

### **Consent of Independent Registered Chartered Accountants**

We have read the prospectus supplement of Royal Bank of Canada (the “Bank”) dated April 23, 2009 relating to the offering of \$300,000,000 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series AX to the short form base shelf prospectus dated September 14, 2007 relating to the offering of up to \$7,000,000,000 Debt Securities (Subordinated Indebtedness) and First Preferred Shares (collectively, the “**Prospectus**”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the use, through incorporation by reference in the Prospectus, of our report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2008 and 2007 and the consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for each of the years in the two-year period ended October 31, 2008. Our report is dated December 4, 2008.

(signed) “Deloitte & Touche LLP”  
Independent Registered Chartered Accountants  
Licensed Public Accountants

Toronto, Canada  
April 23, 2009