



ROYAL BANK OF CANADA

STOCK DIVIDEND – QUESTIONS & ANSWERS

On March 3, 2006, the Board of Directors declared a stock dividend, which will have the same effect as a 2-for-1 split of the bank's common shares. This information is intended to address some of the frequently asked questions regarding the stock dividend. **The stock dividend will be payable April 6, 2006 to RBC's common shareholders of record at the close of market on March 27, 2006.**

Q. What is a stock dividend?

- A.** A stock dividend is a common way to implement a 2-for-1 stock split. Each RBC shareholder will receive one additional common share for each whole common share owned as of the close of market on the Record Date of March 27, 2006. Since the number of issued common shares after the stock dividend will double, the market price at which the stock trades is expected to be reduced by roughly half, while the value of each shareholder's investment remains unchanged.

Q. When were RBC's previous stock splits?

- A.** October 5, 2000 (2 for 1) which took the form of a stock dividend
February 5, 1990 (2 for 1)
March 13, 1981 (2 for 1)

Q. What are the key dates for this stock dividend?

- A.** March 23, 2006 – TSX and SWX Ex-dividend Date, the date RBC's common shares begin trading on the Toronto and Swiss Stock Exchanges at the split-adjusted price (two business days before the record date, as per TSX and SWX rules).
- March 27, 2006 – Record Date, the date determines which shareholders are entitled to receive additional shares.
- April 6, 2006 – Payment Date, starting on this date new share certificates will be distributed to registered shareholders and brokerage accounts will be adjusted for non-registered shareholders.
- April 7, 2006 – NYSE Ex-dividend Date, the date RBC's common shares begin trading at the split-adjusted price on the New York Stock Exchange (day after payment date, as per NYSE rules)

Q. How does the stock dividend affect the quarterly common share cash dividend?

- A.** The cash dividend of \$0.72 per share declared on March 3, 2006 was declared prior to the stock dividend. Since this cash dividend of \$0.72 per share is payable on May 24, 2006, to common shareholders of record on April 25, 2006 (after the stock dividend is paid), it will apply to post-split shares. Shareholders will, therefore, receive \$0.36 per share on double the number of shares, resulting in the same aggregate cash dividend amount as would have been paid on a pre-split basis.

Q. When will I receive my stock dividend shares?

- A.** Share certificates will be mailed to registered shareholders of record starting April 6, 2006, by regular first class mail by RBC's Transfer Agent, Computershare Trust Company of Canada.

Share certificates will not be mailed to non-registered shareholders. Your brokerage accounts will be credited for the additional shares on or about the payment date of April 6, 2006. Your new adjusted balance reflecting the additional shares should appear on the statement you receive from your broker.

Share certificates will not be issued in respect of shares held by participants in RBC's Dividend Reinvestment Plan. The shares resulting from the stock dividend will be credited to your Plan account. The regular quarterly statement you receive will show that the number of shares in your account will be double and the value of each share will be reduced by half.

Q. What do I do with my existing RBC share certificate(s)?

- A. PLEASE KEEP THEM – DO NOT DESTROY THEM.** Existing RBC stock certificates are still valid. This new certificate and any existing certificate(s) will now represent the total number of common shares registered in your name. All your certificates should be kept in a safe place as they are valuable documents.

Q. How will this stock dividend affect my taxes?

- A.** RBC is ascribing essentially no monetary value to the stock dividend. For Canadian purposes, there will be no Canadian tax payable by shareholders in respect of the stock dividend.

Non-resident shareholders will not be subject to Canadian withholding tax on the stock dividend.

For additional information about the tax consequences of the stock dividend, we advise shareholders to consult a tax advisor.

Q. How does the stock dividend affect my adjusted cost base when I sell my shares?

- A.** For Canadian capital gains tax purposes, the stock dividend does not alter the number or adjusted cost base of any shares held on December 31, 1971 and the Valuation Day price of these shares remains at \$7.38 per share.

To determine the adjusted cost base of all shares acquired after December 31, 1971, the number of stock dividend shares received should be added to your post-December 31, 1971 pool of shares. Since this is not the first time RBC's stock has split, if applicable, you may also need to take into account past stocks splits when calculating your adjusted cost base. For more information, we advise shareholders to consult a tax advisor.

Shareholders resident in the U.S. and other countries should consult their own tax advisor with respect to the tax implications of the stock dividend.

Q. How do I contact RBC's Transfer Agent, Computershare Trust Company of Canada?

- A.** You may contact Computershare Trust Company for change of address, lost share certificates, estate transfer and other administrative services at:

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montreal, Quebec
Canada H3A 3S8

Phone: 1-866-586-7635 or (514) 982-7555
Fax: (514) 982-7635
e-mail: service@computershare.com