

## Short Form Base Shelf Prospectus

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

*This short form prospectus is referred to as a base shelf prospectus and has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*This 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.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President & Head, Investor Relations, Royal Bank of Canada, 200 Bay Street, 4<sup>th</sup> Floor, North Tower, Toronto, Ontario, Canada, M5J 2W7, telephone (416) 955-7803, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## Short Form Base Shelf Prospectus

New Issue

January 21, 2016



## Royal Bank of Canada

**\$25,000,000,000**

### **Senior Debt Securities (Unsubordinated Indebtedness)**

### **Debt Securities (Subordinated Indebtedness)**

### **First Preferred Shares**

We may from time to time offer: (i) unsecured unsubordinated debt securities (the **Senior Debt Securities**); (ii) unsecured subordinated debt securities (the **Subordinated Debt Securities**); and (iii) first preferred shares (the **First Preferred Shares**) under this prospectus. We may offer Senior Debt Securities, Subordinated Debt Securities and First Preferred Shares (collectively, the **Securities**) separately or together, in amounts, at prices and on terms to be described in one or more prospectus supplements. We may sell up to \$25 billion in aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if any of the Securities are denominated in a foreign currency or currency unit) during the 25 month period that this prospectus, including any amendments hereto, remains valid.

The specific terms of the Securities in respect of which this prospectus is delivered will be described in one or more prospectus supplements. All shelf information permitted under applicable securities legislation to be omitted from this prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus.

Senior Debt Securities will be our direct unsecured unsubordinated obligations that rank equally and rateably with all of our other unsecured and unsubordinated debt, including deposit liabilities, other than certain governmental claims in accordance with applicable law.

Subordinated Debt Securities will be our direct unsecured obligations constituting subordinated indebtedness for the purposes of the *Bank Act* (Canada) (the **Bank Act**) that rank equally and rateably with all of our other subordinated indebtedness from time to time outstanding.

**Neither our Senior Debt Securities nor our Subordinated Debt Securities (together, Debt Securities) will constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime.**

Our First Preferred Shares are issuable in series, all of which rank on parity 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 the distribution of property in the event of our liquidation, dissolution or winding-up. Our outstanding First Preferred Shares are listed on the Toronto Stock Exchange (the **TSX**).

Effective January 1, 2013, in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions Canada (**OSFI**), non-common capital instruments issued after January 1, 2013, including subordinated debt securities or first preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability (the **Non-Viability Contingent Capital Provisions**) in order to qualify as regulatory capital. The specific terms of any Non-Viability Contingent Capital Provisions for any Subordinated Debt Securities and First Preferred Shares that we issue under this prospectus will be described in one or more prospectus supplements relating to such Securities.

**Unless otherwise disclosed in a prospectus supplement relating to specific Securities, there may be no market through which Securities may be sold and purchasers may not be able to resell Securities purchased under this prospectus. This may affect the pricing of Securities in the secondary market, the transparency and availability of trading prices of Securities, the liquidity of Securities and the extent of issuer regulation. See “Risk Factors”.**

Securities may be sold through underwriters or dealers, by us directly pursuant to applicable law or through agents designated by us from time to time. See “Plan of Distribution”. A prospectus supplement will identify each underwriter, dealer or agent, if any, engaged in connection with the offering and sale of Securities, and will also set forth the terms of the offering of such Securities including the net proceeds to us and, to the extent applicable, any fees payable to the underwriters, dealers or agents. Unless otherwise specified in the prospectus supplement, offerings of Securities under this prospectus are subject to approval of certain legal matters on our behalf by Norton Rose Fulbright Canada LLP.

Toos N. Daruvala, Bridget A. van Kralingen, J. Pedro Reinhard, Thomas A. Renyi and Thierry Vandal (each a director of the Bank resident outside of Canada), have appointed Paul Guthrie, Royal Bank Plaza, 200 Bay Street, South Tower, Toronto, Ontario, M5J 2J5, Canada, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.

The Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2Z4, Canada and its head office is located at 1 Place Ville-Marie, Montreal, Quebec, H3B 1R1, Canada.

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In this prospectus, 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 are expressed in Canadian dollars unless otherwise specifically expressed.

### 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, in the documents incorporated by reference in this 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 in, or incorporated by reference in, this prospectus include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the economic and market review and outlook for Canadian, United States (U.S.), European and global economies, the regulatory environment in which we operate, the outlook and priorities for each of our business segments, and the risk environment including our liquidity and funding risk as set out in our management’s discussion and analysis for the year ended October 31, 2015 (the **2015 Management’s Discussion and Analysis**). 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, our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “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 financial performance objectives, vision and strategic goals will not be achieved. We caution readers not to place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include: credit, market, liquidity and funding, insurance, operational, regulatory compliance, strategic, reputation, legal and regulatory environment, competitive and systemic risks and other risks discussed in the “Risk management” and “Overview of other risks” sections of our 2015 Management’s Discussion and Analysis; weak oil and gas prices; the high levels of Canadian household debt; exposure to more volatile sectors; cybersecurity; anti-money laundering; the business and economic conditions in Canada, the U.S. and certain other countries in which we operate; the effects of changes in government fiscal, monetary and other policies; tax risk and transparency; and environmental risk.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Material economic assumptions underlying the forward looking statements contained in, or incorporated by reference in, this prospectus are set out in the “Overview and outlook” section and for each business segment under the heading “Outlook and priorities” in our 2015 Management’s Discussion and Analysis. 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 management” and “Overview of other risks” sections of our 2015 Management’s Discussion and Analysis incorporated by reference in this prospectus.

## Royal Bank of Canada

Royal Bank of Canada is Canada's largest bank, and one of the largest banks in the world, based on market capitalization. We are one of North America's leading diversified financial services companies, and provide personal and commercial banking, wealth management services, insurance, investor services and capital markets products and services on a global basis. We employ approximately 81,000 full- and part-time employees who serve more than 16 million personal, business, public sector and institutional clients through offices in Canada, the U.S. and 37 other countries.

### Documents Incorporated by Reference

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities 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 Vice President & Head, Investor Relations, Royal Bank of Canada, 200 Bay Street, 4th Floor, North Tower, Toronto, Ontario, Canada, M5J 2W7, telephone (416) 955-7803 or fax (416) 955-7800.

We incorporate by reference the documents listed below, which documents have been filed with the Superintendent of Financial Institutions (Canada) (the **Superintendent**) and the Commissions:

- (a) our audited consolidated financial statements, which comprise the consolidated balance sheets as at October 31, 2015 and October 31, 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity, and statements of cash flows for each of the years in the three-year period ended October 31, 2015 and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), together with the report of the independent registered chartered accountants thereon together with our 2015 Management's Discussion and Analysis;
- (b) our annual information form dated December 1, 2015 (the **2015 AIF**); and
- (c) our management proxy circular dated February 9, 2015 for our annual and special meeting of common shareholders held on April 10, 2015.

Any documents of the type referred to in the preceding paragraph or required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short form Prospectus Distributions*, including material change reports (excluding confidential material change reports), interim financial reports and related management's discussion and analysis and marketing materials, filed by us with the Commissions after the date of this prospectus and prior to the completion or withdrawal of any offering hereunder, 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.**

When a new annual information form, annual consolidated financial statements and management's discussion and analysis accompanying such financial statements are filed by us with, and, where required, accepted by, applicable securities regulatory authorities, our previous annual information form, annual consolidated financial statements and management's discussion and analysis accompanying such financial statements, all quarterly consolidated financial statements and any management's discussion and analysis accompanying such financial statements and management proxy circulars filed prior to the commencement of our financial year with respect to which the new annual information form is filed, and all material

change reports filed in such financial year, will be deemed to be no longer incorporated by reference in this prospectus for purposes of future offers and sales of securities under this prospectus.

We will deliver one or more prospectus supplements containing the specific variable terms of any Securities offered to purchasers of the Securities together with this prospectus and each such prospectus supplement will be deemed to be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purpose of the offering of the Securities covered by such prospectus supplement.

We will file updated earnings coverage ratios quarterly with the Commissions, which updates will be deemed to be incorporated by reference into this prospectus.

### Share Capital and Subordinated Indebtedness

Our authorized capital consists of: (i) an unlimited number of common shares, without nominal or par value; (ii) an unlimited number of First Preferred Shares, without nominal or par value, which may be issued for a maximum aggregate consideration of \$20 billion; and (iii) an unlimited number of second preferred shares, without nominal or par value, which may be issued for a maximum aggregate consideration of \$5 billion. As at November 27, 2015, we had 1,485,401,829 common shares, 204,275,000 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, 2015.

|  | <b><u>October 31, 2015</u></b> |
|--|--------------------------------|
|  | (\$ millions)                  |
| Subordinated debentures <sup>(1)</sup>   | 7,362                          |
| Trust capital securities <sup>(2)</sup>  | 0                              |
| RBC Trust capital securities included in non-controlling interest in subsidiaries <sup>(2)</sup> | 1,724                          |
| Preferred shares <sup>(3)</sup>  | 5,100                          |
| Common shares <sup>(4)</sup>   | 14,573                         |
| Retained earnings <sup>(5)</sup>   | 37,811                         |
| Treasury shares – preferred  | (2)                            |
| – common   | 38                             |
| Other components of equity   | 4,626                          |

- (1) After giving effect to the redemption of \$1.5 billion 3.18% subordinated debentures on November 2, 2015, and the issuance of \$1.5 billion 3.31% subordinated debentures on January 20, 2016, subordinated debentures would have amounted to \$7,362 million as at October 31, 2015.
- (2) For more information on the classification of trust capital securities refer to Note 20 of our audited consolidated financial statements for the year ended October 31, 2015. After giving effect to the redemption by RBC Capital Trust of \$1.2 billion principal amount of Trust Capital Securities – Series 2015 on December 31, 2015, RBC Trust capital securities included in non-controlling interest in subsidiaries would have amounted to \$524 million as at October 31, 2015.
- (3) After giving effect to the issuance of \$675 million Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series BK (the “Series BK Preferred Shares”) on December 16, 2015 and the issuance of an additional \$50 million Series BK Preferred Shares on December 31, 2015 pursuant to the exercise of the over-allotment option for the Series BK Preferred Shares, and the issuance of First Preferred Shares, Series C-1 (the “Series C-1 Preferred Shares”), and First Preferred Shares, Series C-2 (the “Series C-2 Preferred Shares”) in connection with the acquisition of City National Corporation on November 2, 2015, preferred shares would have amounted to approximately \$6,205 million as at October 31, 2015.
- (4) After giving effect to the issuance of common shares for the acquisition of City National Corporation on November 2, 2015, common shares would have amounted to \$17,688 million as at October 31, 2015.
- (5) After giving effect to the issuance of Series BK Preferred Shares on December 16, 2015 and on December 31, 2015, and the issuance of the Series C-1 Preferred Shares and the Series C-2 Preferred Shares in connection with the acquisition of City National Corporation on November 2, 2015, the redemption of \$1.5 billion 3.18% subordinated debentures on November 2, 2015, and the issuance of \$1.5 billion 3.31% subordinated debentures on January 20, 2016, retained earnings would have amounted to approximately \$37,723 million as at October 31, 2015.

## **Description of Common Shares of the Bank**

The holders of our common shares are entitled to notice of, to attend and to one vote per common 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 if, 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.

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 be 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 if so directed by the Superintendent regarding our capital or liquidity.

Our common shares are listed on the TSX, the New York Stock Exchange and the SIX Swiss Exchange under the trading symbol "RY".

## **Description of the Securities that May be Offered under this Prospectus**

### **Debt Securities**

The following is a general description of our Debt Securities. The particulars of any series of Debt Securities offered, and the extent to which the general terms described below apply to such Debt Securities, will be described in one or more prospectus supplements. Since the terms of a series of Debt Securities may differ from the general information provided in this prospectus, in all cases you should rely on the information in the applicable prospectus supplement or supplements where it differs from information in this prospectus.

Senior Debt Securities will be our direct unsubordinated obligations that rank equally and rateably with all of our unsecured and unsubordinated debt, including deposit liabilities, other than certain governmental claims in accordance with applicable law.

Subordinated Debt Securities will be our direct unsecured obligations, constituting subordinated indebtedness for the purposes of the Bank Act, ranking equally and rateably with all of our other subordinated indebtedness from time to time outstanding. In the event of our insolvency or winding-up, our outstanding subordinated indebtedness (including any Subordinated Debt Securities issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viability Contingent Capital Provisions as may be applicable to such Securities) will be subordinate in right of payment to the prior payment in full of our deposit liabilities and all of our other liabilities, including Senior Debt Securities, except those which by their terms rank equally in right of payment with, or are subordinate to, such subordinated indebtedness.

Subject to regulatory capital requirements applicable to us, there is no limit on the amount of Senior Debt Securities or Subordinated Debt Securities we may issue.

If we become insolvent, the Bank Act provides that priorities among payments of our deposit liabilities and payments of all of our other liabilities (including payments in respect of Senior Debt Securities and Subordinated Debt Securities) 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, our 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.

**Neither our Senior Debt Securities nor our Subordinated Debt Securities will constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.**

The specific terms of Debt Securities that we issue under this prospectus will be described in one or more prospectus supplements and may include, where applicable: the specific designation, aggregate principal amount, the currency or the currency unit for which such securities may be purchased, maturity, interest provisions, authorized denominations, offering price, any terms for redemption at our option or the holder's option, any exchange or conversion terms and any other specific terms.

In addition, this prospectus qualifies the issuance of Senior Debt Securities in respect of which the payment of principal and/or interest may be determined or linked, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, a currency, consumer price or mortgage index, or the price or value of one or more commodities, indices, securities, financial ratios or other items, or other model or formula, or any combination or basket of the foregoing items. The specifics of any such provisions will be described in applicable prospectus supplements. In compliance with applicable Canadian securities laws, we have filed an undertaking with the Commissions that we will not distribute, among other things, any Debt Securities that are considered novel specified derivatives or asset-backed securities (as such terms are defined under applicable Canadian securities laws) at the time of distribution without preclearing with the Commissions the disclosure contained in the prospectus supplements pertaining to such Debt Securities in accordance with applicable Canadian securities laws.

Debt Securities may be issued up to the aggregate principal amount which may be authorized from time to time by us. We may issue Debt Securities under one or more indentures (in each case between us and a trustee determined by us in accordance with applicable laws) or pursuant to a fiscal agency and paying agency agreement (between us and an agent, which agent may be an affiliate of or otherwise non-arm's length to us). Any series of Debt Securities may also be created and issued without a trust indenture or a fiscal agency and paying agency agreement. We may also appoint a calculation agent in connection with any Debt Securities issued under this prospectus, which agent may be an affiliate of or otherwise non-arm's length to us. We make reference to the applicable prospectus supplements which will accompany this prospectus for the terms and other information with respect to the offering of Debt Securities being offered thereby.

At our option, Debt Securities may be issued in fully registered form, in bearer form or in "book-entry only" form. See "Book-Entry Only Securities" below. Debt Securities in registered form will be exchangeable for other Debt Securities of the same series and tenor, registered in the same name, for the same aggregate principal amount in authorized denominations and will be transferable at any time or from time to time at the corporate trust office of the trustee for the Debt Securities. No charge will be made to the holder for any such exchange or transfer except for any tax or government charge incidental thereto.

For a list of our senior long-term debt credit ratings, refer to the Risk management – Liquidity and funding risk – Credit ratings section of our 2015 Management's Discussion and Analysis incorporated by reference in this prospectus.

### **First Preferred Shares**

The following is a general description of the First Preferred Shares. The particulars of any series of First Preferred Shares offered and the extent to which the general terms described below may apply to such First Preferred Shares will be described in a prospectus supplement. Since the terms of a series of First Preferred Shares may differ from the general information provided in this prospectus, in all cases you should rely on the information in the applicable prospectus supplement where it differs from information in this prospectus.

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, subject to the Bank Act and to the Bank's by-laws. The specific terms and conditions of any series of First Preferred Shares that we issue under this prospectus will be described in one or more prospectus supplements and may include the designation of the particular series, the aggregate amount, the number of shares offered, the issue price, the dividend rate, the dividend payment dates, any terms for redemption at our option or the holder's option, any exchange or conversion terms and any other specific terms.

The First Preferred Shares of each series rank *pari passu* with the First Preferred Shares of every other series and outstanding First Preferred Shares (including any First Preferred Shares issued hereunder if a trigger event has not occurred as contemplated under the specific Non-Viability Contingent Capital Provisions applicable to such First Preferred Shares) are entitled to preference over the second preferred shares and common shares of the Bank 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 our liquidation, dissolution or winding-up.

The holders of the First Preferred Shares are not entitled to any voting rights except as provided below or by law. The Series C-1 Preferred Shares and the Series C-2 Preferred Shares have certain limited voting rights as described in our 2015 AIF.

Pursuant to our by-laws, we may not, without the prior approval of the holders of the First Preferred Shares as a class (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.

No amendment may be made to the rights, privileges, restrictions or conditions of the First Preferred Shares as a class without the approval of the holders of First Preferred Shares voting separately as a class.

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 66⅔% 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 a reconvened meeting following a meeting that was adjourned due to lack of quorum there is no quorum requirement.

### **Book-Entry Only Securities**

Unless otherwise specified in the applicable prospectus supplement, Securities will be issued through the “book-entry-only system” and must be purchased, transferred or redeemed through financial institutions that participate in the depository service of CDS Clearing and Depository Services Inc. (**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 any offering of Securities, such Securities will be registered in the name of CDS or its nominee, as the case may be, which will hold such Securities as depository on behalf of the participants. The participants in turn will hold beneficial interests in such Securities on behalf of themselves or their customers.

Except as described below, a purchaser acquiring a beneficial interest in Securities will not be entitled to a certificate or other instrument from the Bank, any 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 Securities will receive a customer confirmation of purchase from the registered dealer through whom the Securities are purchased in accordance with the practices and procedures of that registered dealer.

As long as the Securities are held in the book-entry-only system, we will recognize only the depository as the holder of the Securities and we will make all payments on the Securities, 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. We understand that 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 Securities.

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

Neither we nor the underwriters, agents or dealers in connection with any offering of Securities will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of Securities held by a depository or the payments or deliveries relating thereto; (b) maintaining, supervising or reviewing any records relating to the Securities; or (c) any advice or representation made by or with respect to a 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 Securities must look solely to participants for payment or deliveries made by or on behalf of the Bank to the depository in respect of the Securities.

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

Securities in fully registered and certificated form will be issued to beneficial owners of Securities 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 that the depository is no longer willing or able to properly discharge its responsibilities as depository with respect to the Securities and we are unable to locate a qualified successor; (iv) the Bank, at its option, decides to terminate its present arrangements with the depository; (v) if an event of default has occurred with regard to the Securities and has not been cured or waived; or (vi) as otherwise agreed by the Bank and the depository. If the Securities issued are represented by global certificates, such global certificates may be held by the Bank in its capacity as domestic custodian for the depository, pursuant to the rules of the depository as amended from time to time.

If Securities are issued in fully registered and certificated form in the circumstances described above, dividends and interest, as applicable, 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 payments. Any redemption price to be paid in respect of First Preferred Shares will be paid upon surrender thereof to the transfer agent and registrar for such shares. The principal amount of Debt Securities and the interest due at maturity or early redemption, if applicable, will be paid upon surrender thereof at any branch of the Bank in Canada or of the trustee.

### **Transfers of Securities**

Transfers of ownership of Securities 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 Securities through a participant and desire to purchase, sell or otherwise transfer ownership of or other interests in Securities, you may do so only through participants.

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

### **Bank Act Restrictions**

The Bank Act contains restrictions (which are subject to any orders that may be issued by Governor in Council) on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. A summary of such restrictions is included in our 2015 AIF incorporated by reference in this prospectus under the heading "Constraints".

### **Earnings Coverage**

The following consolidated earnings coverage ratios are calculated for the 12 months ended October 31, 2015 and give effect to: (i) the issuance of 175,000 First Preferred Shares, Series C-1 in connection with the acquisition of City National Corporation on November 2, 2015; (ii) the issuance of 100,000 First Preferred Shares, Series C-2 in connection with the acquisition of City National Corporation on November 2, 2015; (iii) the redemption of \$1.5 billion 3.18% subordinated debentures on November 2, 2015; (iv) the issuance of 27,000,000 Series BK Preferred Shares on December 16, 2015 and the issuance of an additional 2,000,000 Series BK Preferred Shares on December 31, 2015 pursuant to the exercise of the over-allotment option for the Series BK Preferred Shares; and (v) the issuance of \$1.5 billion 3.31% subordinated debentures on January 20, 2016.

|   | <b>October 31, 2015 (as<br/>adjusted)</b> |
|---|---|
| Earnings coverage on subordinated debentures .....  | 57.6                                      |
| Dividend coverage on preferred shares .....   | 35.9                                      |
| Interest and grossed up dividend coverage on subordinated<br>debentures, trust capital securities and preferred shares..... | 22.4                                      |

Our interest requirements on subordinated debentures and trust capital securities amounted to \$222 million for the 12 months ended October 31, 2015. Our dividend requirements on our outstanding First Preferred Shares adjusted to a before-tax equivalent using an effective income tax rate of 20.6% amounted to \$349 million for the 12 months ended October 31, 2015. Our earnings before interest expense and income tax for the 12 months ended October 31, 2015 were \$12,762 million, 22.4 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, 2015, the average exchange rate was Cdn. \$1.2547 per U.S. \$1.00.

We will file updated earnings coverage ratios quarterly with the Commissions, which updates will be deemed to be incorporated by reference into this prospectus.

### **Plan of Distribution**

We may sell Securities through underwriters or agents or directly to one or more purchasers pursuant to applicable law. Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities. The prospectus supplement for any Securities offered will set forth the terms of the offering of such Securities, including the type of Security being offered, the name or names of any underwriters or agents, the purchase price of such Securities, the proceeds to us from such sale, any underwriters' or agents' compensation, any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters or agents. Only underwriters or agents so named in a prospectus supplement are to be underwriters or agents, as applicable, in connection with the Securities offered thereby.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale, at market prices prevailing at the time of sale or at prices related to such prevailing market prices. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the Securities offered by the prospectus supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters may be changed from time to time.

We may also sell Securities directly at such prices and upon such terms as agreed to by us and the purchaser or through agents designated by us from time to time. Any agent involved in the offering and sale of Securities in respect of which this prospectus is delivered will be named, and any commissions payable by us to such agent will be set forth, in the applicable prospectus supplement. Unless otherwise indicated in a prospectus supplement, any agent is acting on a reasonable best efforts basis for the period of its appointment.

We may agree to pay underwriters or agents a commission for various services relating to the issue and sale of any Securities offered hereby. Any such commission will be paid out of our general corporate funds. Underwriters and agents who participate in the distribution of Securities may be entitled under agreements to be entered into with us to indemnification by us against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or agents may be required to make in respect of such liabilities.

In connection with any offering of the Securities (unless otherwise specified in a prospectus supplement), the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

Unless otherwise specified in a prospectus supplement, the Securities will not be registered under the United States *Securities Act of 1933*, as amended.

## **Risk Factors**

An investment in any of the Securities is subject to certain risks. In addition to the risk factors set out below, the terms and conditions of any particular Securities issued hereunder may have specific risks and investor concerns which you should carefully consider before making an investment decision. These considerations will be described under “Risk Factors” in the applicable prospectus supplements.

### *General Risks Relating to Creditworthiness*

The value of Securities will be affected by our general creditworthiness. See our 2015 Management's Discussion and Analysis which is incorporated by reference herein, and similar disclosure to be incorporated by reference from time to time during the period of effectiveness of this prospectus (see “Documents Incorporated by Reference”). This analysis discusses, 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.

See “Share Capital and Subordinated Indebtedness” 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 First Preferred Shares or interest and principal on Debt Securities when due.

### *Credit Ratings*

Real or anticipated changes in credit ratings on Securities may affect the market value of Securities. 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.

### *Ranking of Securities*

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

In the event of our insolvency, any First Preferred Shares issued hereunder that remain outstanding will rank equally with our other outstanding First Preferred Shares. If we become insolvent or are wound-up, our assets must be used to pay our deposit liabilities and other debt, including subordinated debt, before payments may be made on First Preferred Shares and other preferred shares.

If Subordinated Debt Securities or First Preferred Shares issued hereunder are converted to common shares in accordance with Non-Viability Contingent Capital Provisions, the terms of such Securities, including with respect to priority and rights on liquidation, will no longer be relevant as such Securities will have been converted to common shares ranking on parity with all other outstanding common shares of the Bank.

### *Interest Rate Risks*

Prevailing interest rates will affect the market value of Debt Securities which have fixed interest rates. Assuming all other factors remain unchanged, the market value of Debt Securities which carry a fixed interest rate will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

### *Market Value of First Preferred Shares*

Prevailing yields on similar securities will affect the market value of First Preferred Shares. Assuming all other factors remain unchanged, the market value of First Preferred Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

### *Legal Developments*

No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario and the federal laws of Canada applicable therein or administrative practice after the date of this prospectus and before the date on which the Securities are issued. Any such change could materially adversely impact the value of any Securities affected by it. Such changes in law may include, but are not limited to, the introduction of a “bail-in” regime, described below, which may affect the rights of holders of securities issued by the Bank, including the Securities.

The Canada Deposit Insurance Corporation, Canada’s resolution authority, was granted additional powers in 2009 to transfer certain assets and liabilities of a bank to a newly created “bridge bank” for such consideration as it determines in the event of a bank getting into distress, presumably to facilitate a sale of the bank to another financial institution as a going concern. Upon exercise of such power, any remaining assets and liabilities would remain with the “bad bank” which would then be wound up. In this scenario, any liabilities of the Bank, including Securities that may be issued hereunder, that remain with the “bad bank” would be effectively written off or subject to only partial repayment in the ensuing winding-up.

On August 1, 2014, the Department of Finance released its bail-in consultation paper: “Taxpayer Protection and Bank Recapitalization Regime.” The proposed regime, which applies only to domestic systemically important banks (“D-SIBs”), of which the Bank is one, is aimed at ensuring that (i) taxpayers are protected from having to bail out a systemically important bank in the highly unlikely event of such an institution running into difficulty, and (ii) Canada’s financial system remains strong by clarifying that a bank’s shareholders and creditors are responsible for bearing losses, thereby giving them stronger incentives to monitor the bank’s risk-taking activities. The proposed regime focuses on a specific range of eligible liabilities (i.e. senior unsecured term wholesale debt that is tradable and transferable with an original term to maturity of over 400 days) and excludes deposits, shorter term unsecured wholesale debt and derivatives. In addition, insured deposits will continue to be guaranteed by the Canada Deposit Insurance Corporation. The Government of Canada (“GoC”) is proposing a statutory power allowing for the permanent conversion, in whole or in part, of the specified eligible liabilities into common shares of a bank. The GoC is also proposing that the conversion power only apply to the specified D-SIB liabilities that are issued, originated or renegotiated after an implementation date determined by the GoC. The regime would not be applied retroactively to liabilities outstanding as of the yet to be determined implementation date.

In the federal budget plan released on April 21, 2015, the GoC confirmed its intention to move forward with the Taxpayer Protection and Bank Recapitalization Regime, although no firm timetable was provided. If this proposed regime is implemented as currently proposed, any Senior Debt Securities issued after such implementation that fall within the scope of eligible liabilities would be subject to the conversion powers described above and holders of such Senior Debt Securities may receive common shares of the Bank in exchange for their Senior Debt Securities in the event that the Bank ceases or is about to cease being viable. The implementation of the proposed bail-in regime could adversely affect the Bank’s cost of funding and the value of the Securities. However, the proposed regime has not yet been finalized and is subject to change.

### *Market for Securities*

Unless otherwise specified in an applicable prospectus supplement, there may be no market through which Securities may be sold and purchasers may therefore be unable to resell such Securities. This may affect the pricing of the Securities in any secondary market, the transparency and availability of trading prices, and the liquidity of such Securities.

### **Use of Proceeds**

Except as otherwise set forth in a prospectus supplement, the net proceeds from the sale of Securities will be added to our general funds and will be used for general banking purposes.

### **Legal Matters**

Unless otherwise specified in a prospectus supplement, certain legal matters relating to the Securities will be passed upon by Norton Rose Fulbright Canada LLP on our behalf.

As at January 21, 2016, the partners and associates of Norton Rose Fulbright Canada LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the Bank or of any associate or affiliate of the Bank.

### **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 of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price 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: January 21, 2016

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of all provinces and territories of Canada.

(Signed) "DAVID I. MCKAY"  
President and Chief  
Executive Officer

(Signed) "JANICE R. FUKAKUSA"  
Chief Administrative Officer and  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "KATHLEEN P. TAYLOR"  
Director

(Signed) "VICTOR L. YOUNG"  
Director