

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

## Short Form Prospectus

January 21, 2005

### New Issue



## Royal Bank of Canada

**\$300,000,000**

### **12,000,000 Non-Cumulative First Preferred Shares Series W**

The holders of Non-Cumulative First Preferred Shares Series W (the "Preferred Shares Series W") of Royal Bank of Canada (the "Bank") will be entitled to receive 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 the board of directors of the Bank, at a quarterly rate of \$0.30625 per Preferred Share Series W. The initial dividend, if declared, will be payable on May 24, 2005 and will be \$0.37925 per Preferred Share Series W, based on an anticipated issue date of January 31, 2005. See "Details of the Offering".

Subject to the provisions of the *Bank Act* (Canada) (the "Bank Act") and the consent of the Superintendent of Financial Institutions (the "Superintendent"), on and after February 24, 2010, the Bank may redeem the Preferred Shares Series W in whole or in part by the payment in cash of a sum equal to \$25.00 per Preferred Share Series W plus, if redeemed before February 24, 2014, a premium, together with declared and unpaid dividends to the date fixed for redemption. See "Details of the Offering".

The Bank may also, on and after February 24, 2010, subject to (i) the consent of the Superintendent, (ii) the provisions of the Bank Act, and (iii) the approval of the Toronto Stock Exchange (the "TSX"), convert the Preferred Shares Series W in whole or in part into that whole number of fully-paid and freely tradeable common shares of the Bank (the "Common Shares") determined by dividing the then applicable redemption price, together with declared and unpaid dividends to the date fixed for conversion, by the greater of \$2.50 and 95% of the weighted average trading price of the Common Shares at such time. See "Details of the Offering".

The TSX has conditionally approved the listing of the Preferred Shares Series W on the TSX. Listing will be subject to the Bank fulfilling all of the requirements of the TSX on or before April 19, 2005.

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**Price: \$25.00 per Preferred Share Series W to yield 4.90%**

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RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc. and Trilon Securities Corporation (collectively the "Underwriters"), as principals, conditionally offer the Preferred Shares Series W, subject to prior sale, if, as and when issued by the Bank and accepted by us, in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Bank by Ogilvy Renault and on behalf of the Underwriters by Stikeman Elliott LLP.

**RBC Dominion Securities Inc., one of the Underwriters, is a wholly-owned subsidiary of the Bank. Therefore, the Bank is a related issuer of RBC Dominion Securities Inc. under applicable securities legislation. See "Plan of Distribution".**

	<u>Price to public</u>	<u>Underwriters' fee<sup>(1)</sup></u>	<u>Net proceeds to the Bank<sup>(2)</sup></u>
Per Preferred Share Series W.....	\$25	\$0.75	\$ 24.25
Total .....	\$300,000,000	\$9,000,000	\$291,000,000

(1) The Underwriters' fee is \$0.25 for each share sold to certain institutions and \$0.75 for all other shares which are sold. The totals set forth in the table represent the Underwriters' fee and net proceeds assuming no shares are sold to institutions.

(2) Before deduction of expenses of this issue payable by the Bank estimated at \$400,000.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series W. 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. It is expected that the closing will take place on or about January 31, 2005 or such later date as may be agreed upon, but in any event not later than March 14, 2005. A "book-entry only" certificate representing the Preferred Shares Series W will be issued in registered form to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing date. No physical certificates representing the Preferred Shares Series W will be issued to purchasers, except in limited circumstances, and registration will be made in the depository service of CDS. A purchaser of Preferred Shares Series W will receive only a customer confirmation from a registered dealer who is a CDS participant and from or through whom the Preferred Shares Series W are purchased. See "Depository Services".

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### Caution Regarding Forward-Looking Statements

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

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

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

### Documents Incorporated by Reference

**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference may be obtained on request without charge from the Senior Vice-President, Investor Relations, Royal Bank of Canada, 123 Front Street West, 6th Floor, Toronto, Ontario M5J 2M2, telephone (416) 955-7803 or fax (416) 955-7800. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting

the permanent information record. A copy of the permanent information record may be obtained from the Senior Vice-President, Investor Relations of the issuer at the above-mentioned address and telephone number.

The following documents have been filed with the Superintendent and securities regulatory authorities in each province and territory of Canada and are specifically incorporated by reference into, and form an integral part of, this prospectus:

- (a) the annual information form dated December 20, 2004;
- (b) the audited consolidated financial statements as at October 31, 2004 and 2003 and for each of the years in the two year period ended October 31, 2004, prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), together with the auditors' report thereon (excluding, for greater certainty, the audited consolidated financial statements for the year ended October 31, 2002 and the auditors' report thereon insofar as it relates to such financial statements) and management's discussion and analysis as contained in the Bank's Annual Report for the year ended October 31, 2004; and
- (c) the audited consolidated financial statements as at October 31, 2004 and 2003 and for each of the years in the two year period ended October 31, 2004, prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), together with the auditors' report thereon (excluding, for greater certainty, the audited consolidated financial statements for the year ended October 31, 2002 and the auditors' report thereon insofar as it relates to such financial statements) and management's discussion and analysis as contained in the Bank's Annual Report for the year ended October 31, 2004.

**Any documents of the type referred to in the preceding paragraph and any unaudited interim financial statements for three, six or nine month financial periods, any information circulars and any material change reports (excluding confidential material change reports) filed by the Bank with a securities regulatory authority in Canada after the date of this prospectus and prior to the completion or withdrawal of this offering, are deemed to be incorporated by reference in this prospectus.**

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

### **Currency and Accounting Information**

Unless otherwise indicated, all dollar amounts appearing in this prospectus are stated in Canadian dollars.

All amounts appearing under "Share Capital and Subordinated Indebtedness" and "Earnings Coverage" are derived from the consolidated financial statements of the Bank which are presented in accordance with Canadian GAAP.

### **Royal Bank of Canada**

The Bank is a Schedule I bank under the Bank Act, which constitutes its charter. The Bank's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada M5J 2J5. Its head office is located at 1 Place Ville Marie, Montreal, Québec, Canada H3C 3A9.

## **Subsidiaries**

A list of the principal subsidiaries directly or indirectly owned or controlled by the Bank as at October 31, 2004 is included in the Bank's annual information form dated December 20, 2004.

## **Business**

The Bank is a diversified global financial service group and a leading provider of personal and commercial banking, investment and trust services, insurance, corporate and investment banking, on-line banking and transaction-based services including custody.

Effective November 1, 2004, the Bank realigned its organizational structure, resources and processes to serve its clients better and more efficiently across all of its businesses, find new ways to generate stronger revenue growth, and streamline its organization and processes for faster decision-making, quicker implementation and better productivity. As part of the realignment, the Bank's five prior business segments were realigned into three segments structured around client needs and geographic location: (1) a Canadian personal and business segment, which combines Canadian banking, investments and global insurance businesses, including Canadian, U.S. and international insurance operations; (2) a U.S. and international segment, which includes banking and investments in the U.S., banking and brokerage in the Caribbean, and Global Private Banking internationally; and (3) a global capital markets segment that includes corporate banking, which serves corporate and larger commercial clients.

The Bank serves more than 12 million personal, business and public sector clients worldwide from offices in more than 30 countries. As at December 31, 2004, the Bank and its subsidiaries had approximately 62,600 employees (full-time equivalent) worldwide.

## **Details of the Offering**

The authorized capital of the Bank 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 \$10 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 January 19, 2005, there were 644,785,090 Common Shares, 32 million First Preferred Shares and no Second Preferred Shares issued and outstanding.

The following is a summary of certain provisions of the First Preferred Shares as a class and of the Preferred Shares Series W as a series:

### **Provisions of the First Preferred Shares as a Class**

#### ***Issuable in Series***

The First Preferred Shares may be issued, from time to time, in one or more series with such series rights, privileges, restrictions and conditions as the board of directors of the Bank may determine by resolution.

#### ***Priority***

The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and are entitled to preference over the Second Preferred Shares and the Common Shares and over any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the liquidation, dissolution or winding-up of the Bank.

#### ***Creation and Issue of Shares***

Pursuant to the Bank Act, the Bank may not, without the approval of the holders of the First Preferred Shares, create any other class of shares ranking equal with or superior to the First Preferred Shares. In addition, the Bank may not, without the prior approval of the holders of the First Preferred Shares as a class given as specified below under "Shareholder Approvals" (in addition to such approvals as may be required by the Bank Act or any other legal requirement), (i) create or issue any shares ranking in priority to the First Preferred Shares or (ii) create or issue any

additional series of First Preferred Shares or any shares ranking *pari passu* with the First Preferred Shares unless at the date of such creation or issuance all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall 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 shall have been paid or set apart for payment in respect of each series of non-cumulative First Preferred Shares then issued and outstanding. Currently, there are no outstanding First Preferred Shares which carry the right to cumulative dividends.

### ***Voting Rights***

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

### ***Shareholder Approvals***

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

### **Provisions of the Preferred Shares Series W as a Series**

#### ***Issue Price***

The Preferred Shares Series W will have an issue price of \$25.00 per share.

#### ***Dividends***

The holders of Preferred Shares Series W will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors of the Bank, and 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 quarterly rate of \$0.30625 per share. The first such dividend, if declared, will be paid on May 24, 2005 and, assuming an issue date of January 31, 2005 will amount to \$0.37925 per share.

If the board of directors of the Bank does not declare any dividend or part thereof on the Preferred Shares Series W on or before the dividend payment date for a particular quarter, then the right of the holders of the Preferred Shares Series W to such dividend or part thereof for such quarter will be extinguished.

#### ***Redemption***

The Preferred Shares Series W will not be redeemable prior to February 24, 2010. On and after February 24, 2010, but subject to the provisions described below under "Restrictions on Dividends and Retirement of Shares", the Bank may redeem at any time all or, from time to time, any part of the outstanding Preferred Shares Series W, at the Bank's option, by the payment of an amount in cash for each share redeemed of \$26.00 if redeemed during the 12 months commencing February 24, 2010, \$25.75 if redeemed during the 12 months commencing February 24, 2011, \$25.50 if redeemed during the 12 months commencing February 24, 2012, \$25.25 if redeemed during the 12 months commencing February 24, 2013, and \$25.00 commencing February 24, 2014 and thereafter together with, in each case, declared and unpaid dividends to the redemption date.

Notice of any redemption will be given by the Bank 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 Preferred Shares Series W is at any time to be redeemed, the Preferred Shares Series W to be redeemed will be selected by lot in such manner as the board of directors of the Bank determines or, if the board of directors of the Bank so decides, may be redeemed *pro rata*, disregarding fractions.

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

#### ***Conversion into Common Shares at the Option of the Bank***

The Preferred Shares Series W will not be convertible into Common Shares prior to February 24, 2010. On and after February 24, 2010, the Bank may, subject to the approval of the TSX, convert at any time all or, from time to time, any part of the outstanding Preferred Shares Series W into that whole number of fully-paid and freely tradeable Common Shares determined by dividing the then applicable redemption price per Preferred Share Series W, together with declared and unpaid dividends to the date fixed for conversion, by the greater of \$2.50 and 95% of the weighted average trading price of the Common Shares on the TSX for the 20 trading days ending on the last trading day ending on or before the fourth day prior to the date fixed for conversion. Fractional Common Shares will not be issued on any conversion of Preferred Shares Series W but in lieu thereof the Bank will make cash payments.

Notice of any conversion will be given by the Bank to registered holders not more than 60 days and not less than 30 days prior to the date fixed for conversion.

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

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

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

The Bank may, at any time by resolution of the board of directors of the Bank, constitute a further series of First Preferred Shares ("New Preferred Shares") having rights, privileges, restrictions and conditions attaching thereto which would qualify such New Preferred Shares as Tier 1 capital of the Bank under the then current capital adequacy guidelines prescribed by the Superintendent. The Bank 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). In such event, the Bank may, with the consent of the Superintendent, give registered holders of the Preferred Shares Series W notice that they have the right, pursuant to the terms of the Preferred Shares Series W, at their option, to convert their Preferred Shares Series W on the date specified in the notice into fully-paid and non-assessable New Preferred Shares on a share for share basis. Notice shall be given by the Bank to registered holders not more than 60 days and not less than 30 days prior to the conversion date. See "Bank Act Restrictions".

#### ***Purchase for Cancellation***

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

#### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of the Bank, the holders of the Preferred Shares Series W 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 assets of the Bank distributed to the registered holders of any shares ranking junior to the Preferred Shares Series W. The holders of the Preferred Shares Series W will not be entitled to share in any further distribution of the assets of the Bank.

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

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

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

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

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

The Bank may issue other series of First Preferred Shares ranking on a parity with the Preferred Shares Series W without the approval of the holders of the Preferred Shares Series W as a series.

#### ***Amendments to the Preferred Shares Series W***

The Bank will not without, but may from time to time with, the approval of the holders of the Preferred Shares Series W 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 Preferred Shares Series W. In addition, the Bank 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 Preferred Shares Series W from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder.

#### ***Shareholder Approvals***

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

#### ***Voting Rights***

Subject to the provisions of the Bank Act, the holders of the Preferred Shares Series W as such will not be entitled to receive notice of, or to attend or to vote at, any meeting of the shareholders of the Bank unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under "Dividends" above. In that event, the holders of the Preferred Shares Series W will be entitled to receive notice of, and to attend, meetings of shareholders at which directors are to be elected and will be entitled to one vote for each share held. The voting rights of the holders of the Preferred Shares Series W will forthwith cease upon payment by the Bank of the first quarterly dividend on the Preferred Shares Series W 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 Preferred Shares Series W have again become extinguished, such voting rights will become effective again and so on from time to time.

### **Depository Services**

Except as otherwise provided below, the Preferred Shares Series W will be issued in "book entry only" form and must be purchased or transferred through participants ("Participants") in the depository service of The Canadian Depository for Securities Limited or a successor (collectively, "CDS") or its nominee, which include securities brokers and dealers, banks and trust companies. On the date of closing, the Bank will cause a global certificate representing the Preferred Shares Series W to be delivered to, and registered in the name of, CDS or its nominee. Except as otherwise provided below, no purchaser of Preferred Shares Series W will be entitled to a certificate or other instrument from the Bank or CDS evidencing that purchaser's ownership, and no purchaser will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of the purchaser. Each purchaser of Preferred Shares Series W will receive a customer confirmation of purchase from the registered dealer from which the Preferred Shares Series W are purchased in accordance with the practices and procedures of the dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its Participants having interests in the Preferred Shares Series W. No certificate evidencing the Preferred Shares Series W will be issued to purchasers, and registration will be made in the depository service of CDS.

Neither the Bank nor the Underwriters will assume any liability for (a) any aspect of the records relating to the beneficial ownership of the Preferred Shares Series W held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Preferred Shares Series W; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Preferred Shares Series W must look solely to Participants for payments made by or on behalf of the Bank to CDS in respect of the Preferred Shares Series W.

If: (i) required by applicable law; (ii) the book entry system ceases to exist; (iii) CDS advises the Bank that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Preferred Shares Series W and the Bank is unable to locate a qualified successor; or (iv) the Bank, at its option, decides to terminate the book entry system, then certificates representing the Preferred Shares Series W will be made available through CDS.

### ***Manner of Effecting Transfer, Redemption or Conversion***

A transfer, redemption or conversion of Preferred Shares Series W will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Purchasers of Preferred Shares Series W who are not Participants, but who wish to redeem, convert, purchase, sell or otherwise transfer ownership of or other interests in Preferred Shares Series W, may do so only through Participants.

The ability of a purchaser to pledge Preferred Shares Series W and otherwise take action with respect to such purchaser's interest in Preferred Shares Series W (other than through a Participant) may be limited due to the absence of a physical certificate.

See "Bank Act Restrictions".

### ***Payment of Dividends and Other Amounts***

Payments of dividends and other amounts in respect of the Preferred Shares Series W will be made by the Bank to CDS or its nominee, as the case may be, as registered holder of the Preferred Shares Series W. As long as CDS or its nominee is the registered holder of the Preferred Shares Series W, CDS or its nominee, as the case may be, will be considered the sole owner of the Preferred Shares Series W for the purposes of receiving payments on the Preferred Shares Series W.

The Bank expects that CDS or its nominee, upon the date of receipt of any payment in respect of the Preferred Shares Series W, will credit the Participants' accounts with payments in amounts proportionate to their respective beneficial interests in Preferred Shares Series W shown on the records of CDS or its nominee. The Bank also expects that payments by the Participants to the owners of beneficial interests in Preferred Shares Series W will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Participants. The responsibility and liability of the Bank in respect of the Preferred Shares Series W issued in book entry form is limited to making payment of any amount due on such Preferred Shares Series W to CDS or its nominee.

### **Bank Act Restrictions**

The Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is a summary of such restrictions. No person may be a major shareholder of a bank if the bank has equity of \$5 billion or more (which would include the Bank). A person is a major shareholder of a bank if (i) the aggregate of shares of any class of voting shares owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person may have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank (a "significant shareholder").

The Bank Act also prohibits the registration of a transfer or issue of any shares of the bank to Her Majesty in Right of Canada or of a province or any agent or agency of Her Majesty in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them.

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

### **Common Shares**

The holders of Common Shares are entitled to vote at all meetings of the shareholders of the Bank except where only the holders of a specified class of shares are entitled to vote.

After the payment to the holders of the First Preferred Shares of the amount or amounts to which they may be entitled, the holders of the Common Shares will be entitled to receive the remaining property of the Bank upon dissolution.

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

In the opinion of Ogilvy Renault and Stikeman Elliott LLP, the following is, as of the date of this prospectus, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Preferred Shares Series W pursuant to this prospectus who, for the purposes of the *Income Tax Act* (Canada) and the regulations thereunder (the "Act"), is resident in Canada, deals at arm's length with the Bank, is not affiliated with the Bank, and holds such shares as capital property (an "investor").

Preferred Shares Series W acquired by certain "financial institutions" (as defined in section 142.2 of the Act) will generally not be held as capital property by such investors and will be subject to special "mark-to-market" rules. Such financial institutions should consult their own tax advisors as to the consequences under the mark-to-market rules of holding Preferred Shares Series W.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, prospective investors are urged to consult their own tax advisors with respect to their particular circumstances.**

This summary is based upon the current provisions of the Act, all specific proposals to amend the Act publicly announced by the Minister of Finance prior to the date hereof and counsel's understanding of the current administrative practices published by the Canada Revenue Agency (the "CRA"). This summary does not otherwise take into account or anticipate any changes in law or in administrative practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

## **Dividends**

Dividends (including deemed dividends) received on the Preferred Shares Series W 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.

The Preferred Shares Series W will be "taxable preferred shares" as defined in the Act. The terms of the Preferred Shares Series W require the Bank to make the necessary election under Part VI.1 of the Act so that corporate investors will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by the Bank on the Preferred Shares Series W.

Dividends (including deemed dividends) on the Preferred Shares Series W received by a corporation other than a "specified financial institution" (as defined in the Act) will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation. Where the investor is a specified financial institution, such dividends will be deductible only if the Preferred Shares Series W are not "term preferred shares" (as defined in the Act) or, if term preferred shares, such shares were not acquired by the specified financial institution in the ordinary course of the business carried on by it. A Preferred Share Series W will not be a term preferred share to a specified financial institution where such share is listed on a prescribed stock exchange in Canada and the specified financial institution, alone or together with persons with whom it does not deal at arm's length within the meaning of the Act, does not receive (and is not deemed to receive) dividends in respect of more than 10% of the issued and outstanding Preferred Shares Series W.

Investors that are specified financial institutions and who alone, or together with non-arm's length persons, will receive or be deemed to receive dividends in respect of more than 10% of the issued and outstanding Preferred Shares Series W should consult their own tax advisors about whether the Preferred Shares Series W will be considered to be term preferred shares.

A "private corporation" (as defined in the 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 or a related group of individuals, will generally be liable to pay a refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Preferred Shares Series W to the extent such dividends are deductible in computing its taxable income.

## **Dispositions**

An investor who disposes of or is deemed to dispose of Preferred Shares Series W (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 investor. The amount of any deemed dividend arising on the redemption or purchase for cancellation by the Bank of Preferred Shares Series W will not be included in computing the proceeds of disposition to any shareholder for purposes of computing the capital gain or capital loss arising on the disposition of the Preferred Shares Series W. See "Redemption" below.

Generally, one-half of any such capital gain will be included in computing the investor's income as a taxable capital gain and one-half of any such capital loss may be deducted from the investor's taxable capital gains in accordance with the rules contained in the Act. Capital gains realized by an individual may give rise to a liability for minimum tax. Any such capital loss may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares.

Certain corporations may be liable to pay an additional refundable tax in respect of taxable capital gains.

### **Redemption**

If the Bank redeems Preferred Shares Series W for cash or otherwise acquires Preferred Shares Series W 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 investor will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such shares at such time. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "Dispositions" above. In the case of a corporate investor, 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.

### **Conversion**

The conversion of the Preferred Shares Series W into Common Shares or into New Preferred Shares will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to an investor of Common Shares or New Preferred Shares received on the conversion will be deemed to be equal to the investor's adjusted cost base of the Preferred Shares Series W immediately before the conversion. In computing the adjusted cost base to an investor of Common Shares so acquired, the cost of such Common Shares will be averaged with the adjusted cost base to the investor of any other Common Shares acquired after 1971 and held by the investor as capital property immediately prior to such acquisition. An investor who receives cash not exceeding \$200 in lieu of a fractional Common Share will have the option of recognizing a capital gain or capital loss in connection with the receipt of the \$200 in computing the investor's income for the taxation year in which the conversion occurs, or alternatively, of reducing the adjusted cost base of the Common Shares received at the time of the conversion by the amount of cash received by the investor.

The value of Common Shares received on a conversion of the Preferred Shares Series W in respect of declared and unpaid dividends will be included in an investor's income as a dividend on the Preferred Shares Series W and will be the cost to the investor of such Common Shares. See "Dividends" above. In computing the adjusted cost base to an investor of Common Shares so acquired, the cost of such Common Shares will be averaged with the adjusted cost base to the investor of Common Shares acquired after 1971 and held by the investor as capital property immediately prior to such acquisition.

### **Ratings**

The Preferred Shares Series W are provisionally rated "Pfd-1 (low) n" by Dominion Bond Rating Service Limited ("DBRS"). "Pfd-1" is in the highest category available from DBRS for preferred shares. A reference to "high" or "low" reflects the relative strength within the rating category. The reference to "n" signifies that the preferred shares are non-cumulative.

The Preferred Shares Series W 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 in 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 in the highest of the three categories used by S&P on its global scale.

Prospective purchasers of Preferred Shares Series W 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 Preferred Shares Series W. Ratings may be revised or withdrawn at any time by the respective rating organizations.

## Share Capital and Subordinated Indebtedness

Certain selected consolidated financial data set forth below has been derived from the Bank's audited consolidated financial statements and related notes for the year ended October 31, 2004. The following table shows the share capital and subordinated indebtedness of the Bank as at the date shown:

	<u>October 31, 2004</u>
	(\$ millions)
Subordinated Indebtedness	8,116
Capital Stock — Preferred	832 <sup>(1)</sup>
— Common	6,988
Additional paid-in capital	169
Retained earnings	12,065 <sup>(2)</sup>
Treasury stock	(294)
Foreign currency translation adjustments	(1,556)

(1) After giving effect to this offering, Capital Stock – Preferred would have amounted to \$1,132 million as at October 31, 2004.

(2) After giving effect to the issue costs of this offering, Retained Earnings would have amounted to \$12,056 million as at October 31, 2004.

## Earnings Coverage

The Bank's dividend requirements on its outstanding First Preferred Shares, after giving effect to the issue of the Preferred Shares Series W to be distributed under this short form prospectus, and adjusted to a before-tax equivalent using an effective income tax rate of 35%, amounted to \$92 million for the 12 months ended October 31, 2004. The Bank's interest requirements for the 12 months ended October 31, 2004 amounted to \$429 million. The Bank's earnings before interest and income tax for the 12 months ended October 31, 2004 were \$4,478 million, which is 8.6 times the Bank's aggregate dividend and interest requirements for this period.

## Plan of Distribution

Pursuant to an underwriting agreement dated January 17, 2005 (the "Underwriting Agreement") between the Bank and the Underwriters, the Bank has agreed to sell and the Underwriters have severally agreed to purchase on January 31, 2005, or such date as may be agreed upon, but not later than March 14, 2005, subject to the terms and conditions stated therein, all but not less than all of the Preferred Shares Series W at a price of \$25.00 per share, payable in cash to the Bank against delivery of such Preferred Shares Series W. The Underwriting Agreement provides that the Underwriters will be paid a fee per share equal to \$0.25 with respect to the Preferred Shares Series W sold to certain institutions and \$0.75 with respect to all other Preferred Shares Series W sold. Assuming no Preferred Shares Series W are sold to such institutions, the Underwriters' fee would be \$9 million.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Preferred Shares Series W if any are purchased under the Underwriting Agreement.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des Marchés Financiers (Québec), the Underwriters may not, throughout the period of distribution under this prospectus, bid for or purchase Preferred Shares Series W. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution. In connection with this offering and subject to the foregoing and to applicable law, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Preferred Shares Series W at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

RBC Dominion Securities Inc., one of the Underwriters, is an indirect wholly-owned subsidiary of the Bank. As a result, the Bank is a related issuer of RBC Dominion Securities Inc. under applicable securities legislation. The decision to distribute the Preferred Shares Series W and the determination of the terms of this offering were made

through negotiations between the Bank on the one hand and the Underwriters on the other. Scotia Capital 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 the Bank in connection with this offering other than a portion of the Underwriters' fee payable by the Bank.

### **Use of Proceeds**

The net proceeds to the Bank from the sale of the Preferred Shares Series W, after deducting estimated expenses of the issue and the Underwriters' fee (assuming no Preferred Shares Series W are sold to certain institutions), will amount to \$290.6 million. The proceeds will be added to the Bank's general funds and will be used for general business purposes. The purpose of this issue is to enlarge the Bank's Tier 1 capital base.

### **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 Preferred Shares Series W.

### **Risk Factors**

An investment in Preferred Shares Series W of the Bank is subject to certain risks.

The value of Preferred Shares Series W will be affected by the general creditworthiness of the Bank. The section entitled "Management's Discussion and Analysis" contained in the Bank's Annual Report for the year ended October 31, 2004 is 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 the Bank's business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Preferred Shares Series W may affect the market value of the Preferred Shares Series W. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

See "Earnings Coverage" and "Share Capital and Subordinated Indebtedness", which are relevant to an assessment of the risk that the Bank will be unable to pay dividends on the Preferred Shares Series W.

The Preferred Shares Series W are equity capital of the Bank which rank equally with other First Preferred Shares of the Bank in the event of an insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up, the Bank's assets must be used to pay deposit liabilities and other debt including subordinated debt before payments may be made on Preferred Shares Series W and other preferred shares.

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

### **Legal Matters**

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

As at January 19, 2005, the partners and associates of each of Ogilvy Renault and Stikeman Elliott LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of the Bank or of any associate or affiliate of the Bank. L. Yves Fortier, C.C., Q.C. and Christine Carron, both partners of Ogilvy Renault, are directors of the Bank and Royal Bank Mortgage Corporation, respectively.

### **Statutory Rights of Withdrawal and Rescission**

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

### **Certificate of the Bank**

Dated: January 21, 2005

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

(Signed) "Gordon M. Nixon"  
President & Chief Executive Officer

(Signed) "Janice Fukakusa"  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "Kathleen P. Taylor"  
Director

(Signed) "Jacques Lamarre"  
Director

## Certificate of the Underwriters

Dated: January 21, 2005

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

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: (Signed) "Barry Nowoselski"

By: (Signed) "Mary Robertson"

TD SECURITIES INC.

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

By: (Signed) "Michael Woolhouse"

By: (Signed) "Bradley J. Hardie"

By: (Signed) "Donald A. Fox"

NATIONAL BANK FINANCIAL INC.

DESJARDINS SECURITIES INC.

HSBC SECURITIES (CANADA) INC.

By: (Signed) "Michael Shuh"

By: (Signed) "Jeffrey F. Olin"

By: (Signed) "Catherine J. Code"

LAURENTIAN BANK SECURITIES INC.

TRILON SECURITIES CORPORATION

By: (Signed) "Michel Richard"

By: (Signed) "Trevor D. Kerr"

## **Exhibit**

### **Auditors' Consent**

We refer to the short form prospectus dated January 21, 2005 relating to the offering of \$300,000,000 of Non-Cumulative First Preferred Shares Series W of Royal Bank of Canada (the "Bank"). We have read the short form prospectus and have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the short form prospectus of our reports to the shareholders of the Bank on the consolidated balance sheets as at October 31, 2004 and October 31, 2003 and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the two-year period ended October 31, 2004. Our reports are dated December 20, 2004.

(signed) "Deloitte & Touche LLP"  
Chartered Accountants  
Toronto, Canada  
January 21, 2005