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Additional information about these and other factors can be found in our Q2 2008 Report to Shareholders and in our 2007 Report to Shareholders.

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GORDON M. NIXON, PRESIDENT & CEO

Good afternoon everyone.

Turning to our year-to-date financial performance on slide 4. We are halfway through our fiscal year and have generated $2.2 billion in earnings and ROE of 18.5%. Earnings were down $600 million from the first six months of 2007, primarily due to writedowns. Higher provisions for credit losses primarily in our U.S. banking business also contributed to the decline. Slide 5 shows items that impacted us this quarter, as well as in Q1.

As you know, we pre-announced writedowns in our Capital Markets and Corporate Support segments on May 14. As we stated then, we believe a significant portion of the writedowns reflect liquidity pressures on assets that we continue to hold, rather than underlying credit quality. While we are not happy about these writedowns and we continue to be impacted by higher provisions for credit losses in our U.S. banking business, we are confident in the fundamental strength of our operations and our risk management capabilities.

We take a structured approach to defining the amount and type of risk we are willing to accept by establishing a risk appetite framework that we periodically measure against our risk profile. We look at several measures. These include: debt ratings, liquidity and funding, capital ratios, earnings stability relative to North American peers, exposure to 'tail events', potential impact of 100 basis points interest rate shocks, and provision for credit losses.

As Morten will speak to in greater detail in his comments, we have had higher provisions for credit losses particularly in our U.S. builder finance business, which has increased our PCL ratio to 54 basis points this quarter and 49 basis points year-to-date. However, our overall risk profile remains within our risk appetite. Our strong risk culture, coupled with our diversified business mix and focus on performance management enable us to stay very focused on building our businesses for long-term growth. I would like to give you some highlights from each segment.

Our Canadian Banking-related operations continued to perform very well, generating volume growth across all businesses. We are working hard to meet the needs of our clients and we're continuing to develop new products, such as our U.S. High Interest Savings Account we launched last quarter. Clients are rewarding us with their business and we are gaining market share. For example, in the past six months we increased market share in both personal core deposits and business deposits by 44 basis points and 78 basis points, respectively. We are also maintaining our focus on performance management and effectively managing our costs in our Canadian-banking related operations, as demonstrated by our strong operating leverage.

Insurance performed well this quarter and adds to our diversified business mix. As you know we will be highlighting Insurance as a separate segment starting in the third quarter.

In Wealth Management, we increased fee-based client assets and continued to lead the mutual fund industry in net sales. RBC Asset Management continued to deliver top investment performance and recently received the Lipper Award for Best Overall Fund Group for the second consecutive year. As a result of market conditions, clients are continuing to show a preference for our money market funds over long-term funds. On May 1, we combined forces with Phillips Hager & North, making us Canada's leading private sector asset manager, with a significant presence in all client segments, and the largest fund company in Canada. We continued to add experienced advisors in RBC Dominion Securities, Canada's largest full-service wealth manager. In an annual survey completed by an independent trade publication, we received the highest rating of advisor satisfaction of any bank-owned, regional or national brokerage firm.

In U.S. Wealth Management, the Ferris, Baker Watts shareholder vote is scheduled for June 20 and we remain on track to close in the third quarter of 2008, subject to regulatory approval. This acquisition will expand our presence in the Eastern, Midwestern and mid-Atlantic regions of the U.S.

Our international wealth management business continues to grow, as reflected by the increase in loans and deposits this quarter. And we have expanded our presence by opening new offices in cities like Santiago and Mexico City.

In U.S. & International Banking, our residential builder finance business continued to experience difficulties given the tough operating environment in the U.S. and the ongoing stress in the housing market. In an effort to manage this business more effectively we decided that, by and large, we will no longer originate U.S. residential builder finance business outside of our U.S. Southeast footprint, with one exception being Texas. This allows us to prioritize for the greatest impact and concentrate our efforts on our strategic areas of focus in the U.S. Southeast where we have deep client relationships and expanding client relationships. We also recently completed the acquisition of Alabama National BanCorporation (ANB) which expands our network in the U.S. Southeast. Our pending acquisition of RBTT received shareholder approval and is scheduled to close in the third quarter of 2008, subject to regulatory approval. This acquisition will significantly expand our presence in the Caribbean.

RBC Dexia continued to generate solid business growth and was recently recognized by Global Investor and R&M Consultants in two global custody surveys where we ranked #1 and #2 overall respectively.

Looking at Capital Markets, our results were significantly impacted, as you all know, by the writedowns I mentioned earlier. We have a very diverse Capital Markets platform that serves clients around the world. Some businesses benefited in the second quarter from the market volatility and declining interest rate environment, including certain fixed income, foreign exchange and equity derivatives trading businesses. We continue to invest across our core Capital Markets businesses and are capitalizing on opportunities that have, and will be created by the market dislocation to recruit top talent. We added equity options sales and trading capabilities in the U.S., and a leveraged lending team in London. We also added significant new talent to our global fixed income and currency business in the U.S. and expanded our product and geographic depth in this area, with an emerging market team in London and expansion plans for Hong Kong. And, we continue to build out our North American energy focused commodities team.

Turning to our year to date performance versus objectives. Progress towards our objectives has been affected largely by the writedowns, higher provisions for credit losses in U.S. banking and spread compression. We are maintaining our quarterly common share dividend at fifty cents in the third quarter. Our capital position remains strong, with a Tier 1 capital ratio of 9.5%, and we expect that it will remain well above our objective of over 8% for the balance of the year.

However, market conditions have impacted our ability to meet our other annual performance objectives. We expect the financial markets will continue to remain under stress reflecting liquidity and pricing pressures.

That being said, we have many businesses that are performing well. In Canada, consumer fundamentals are strong, housing prices are continuing to perform reasonably well and our consumer debt is relatively low. Our core strengths in Canadian Banking and Wealth Management are a significant advantage and position us better than many North American and global peers. We have many advantages – market leadership, diversified balance sheet, excellent access to funding, a disciplined approach to risk, strong capital ratios and strong senior debt ratings. I am confident that we also have the best people and the best capabilities to serve our clients across these businesses. In the face of near-term challenges, we have not lost sight of the future and we are continuing to build our businesses for long-term growth.

With that, I'll turn it over to Morten Friis.

MORTEN FRIIS, CHIEF RISK OFFICER

Thanks Gord. I'll start with a review of the writedowns and then provide an update on our credit portfolio.

As Gord mentioned, market turbulence continued through the second quarter, resulting in writedowns of $854 million before-tax, or $436 million after-tax and related compensation adjustments. As shown on slide 10, these were in Capital Markets and also in Corporate Support, which includes our corporate treasury activities. Full details are provided on pages five through seven of our Q2 Report to Shareholders.

In our Corporate Support segment, we had writedowns of $140 million related to U.S. subprime and Alt-A. Of this, $73 million related to declines in the fair value of Alt-A residential mortgage backed securities in trading portfolios and $67 million related to available-for-sale holdings of Alt-A and U.S. subprime RMBS that were determined to be other than temporarily impaired.

In our Capital Markets segment, we had writedowns of $714 million in total, of which $204 million related to declines in the fair value of credit default swaps with MBIA that represent credit protection we purchased to hedge our credit risk exposure to Super Senior tranches of structured credit transactions. A further $87 million related to declines in the fair value of subprime CDOs of asset-backed securities and other subprime RMBS.

Unrelated to U.S. subprime, we had writedowns in four other areas in Capital Markets. First, we had $184 million of writedowns on U.S. auction rate securities. These were due to a decline in the fair value of our trading positions, based on market prices and a models-approach to valuation. U.S. ARS are long-term debt that trade at short-term debt prices, with an interest rate reset every week to 35 days. These securities are issued by municipalities, student loan authorities and other sponsors through bank-managed auctions. We acquired our inventory of auction rate securities primarily in the first quarter and, to a lesser extent, early in the second quarter in support of providing liquidity to the market. During the second quarter, we sold or are committed to sell $1.3 billion of auction rate securities at fair value into off-balance sheet special purpose entities to which we may provide liquidity facilities. As at April 30, the fair value of the auction rate securities we hold on our balance sheet is $3.6 billion. The average yield on our holdings is above our funding costs. Approximately 90% of our inventory is rated AAA and approximately 85% are senior positions. In terms of student loan auction rate securities that we hold, over 85% are guaranteed under the US government Federal Family Education Loan Program. Also, over 85% of our student loan auction rate securities inventory has a ratio of trust assets to liabilities of greater than 100%.

Second, we had $142 million of writedowns from declines in the fair value of trading positions in our portfolio supporting our U.S. municipal guaranteed investment certificate business. This is a business where we issue GICs for cash received from municipalities and invest the cash received primarily in agency and non-agency mortgage-backed securities. As at April 30, the fair value of the investment portfolio supporting our U.S. Municipal GIC business was $3.3 billion, down from $4.4 billion at January 31 due to net maturities, sales and a decline in value of certain positions.

Third, we recognized a loss of $21 million related to our U.S. commercial mortgage-backed securities business due to both credit deterioration and reduced liquidity.

And, fourth, we had a $76 million writedown in our U.S. Insurance and Pension solutions business, of which $6 million represented realized losses on a surrendered policy. Let me provide some background on this business. Our U.S. Insurance and Pension solutions business provides stable value contracts on bank-owned life insurance policies purchased by banks on a group of eligible employees. The purchaser pays premiums to the insurance company, and the premiums are then invested in a portfolio of eligible assets. While the insurance is in place, the purchaser receives tax-exempt earnings linked to the performance of the underlying assets and also receives death benefits as they arise. The stable value wraps provided by our U.S. Insurance and Pension solutions business reduce the volatility of the tax free earnings stream received by purchasers on the assets in their portfolio. If a purchaser were to surrender its insurance policy prior to maturity, the terms of the stable value contract generally require us to make up the difference between the notional and fair value of the assets inside the policy. The purchaser would receive a payment for this difference in value, but also would be taxed on the surrender value, forfeit the tax-exempt income stream, and may be exposed to unhedged long-term tax deferred liabilities. As at April 30, 2008, the difference between the notional value and fair value of our bank-owned life insurance contracts was $1.1 billion. This represents the loss that would be recognized if all insurance contracts were surrendered on that date

Turning to slide 11, we had three days of large net trading losses which related primarily to the writedowns and month end valuation adjustments on instruments with limited liquidity. The remaining net trading loss days this quarter were largely attributable to the significant volatility in credit markets and did not exceed global value at risk for each respective day.

Turning to credit on slide 12. The overall quality of our loan portfolio remains within an acceptable range for loss rates, despite continued credit deterioration in some areas.

We observed higher impaired loans in our U.S. wholesale portfolio, specifically in our U.S. residential builder finance business, particularly in California, Georgia and Arizona. Residential real estate gross impaired loans in our U.S. retail loan portfolio also increased but to a lesser extent. The year-over-year trend in gross impaired loans primarily reflects the downturn in the

U.S. housing market and slowing U.S. economic conditions. As Gord mentioned earlier, we recently exited most of the out-of-footprint portion of our residential builder finance business, with the primary exception being the business in Texas. The existing portfolio of out-of-footprint loans will be unwound and managed down in an orderly fashion over the next 3 to 4 years to avoid a sale of loans at a deep discount in the midst of what is currently a distressed market.

At the end of the second quarter, our U.S. residential builder finance loan portfolio was approximately $3 billion including the addition of the Alabama National portfolio. Our total loan portfolio at RBC Bank is now approximately $22 billion with approximately two thirds in commercial loans, including business banking and builder finance, and one third in consumer loans.

On slide 13 you will see that total specific provision for credit losses and the specific PCL ratio increased relative to the prior year. Provisions were up, primarily reflecting higher impaired loans in our U.S. residential builder finance portfolio. Higher write-offs on retail loans in our U.S. banking business also contributed to the increase in provisions, reflecting the challenging operating environment. The increase also reflected a $35 million provision related to loans extended under liquidity facilities drawn on by RBC-administered multi-seller ABCP conduits, categorized in U.S. wholesale. Impaired loans extended under these facilities amounted to $172 million at the end of the quarter and are secured by the super senior tranche of a CDO of asset-backed securities. In addition, we also had lower recoveries in our Capital Markets corporate loan portfolios than in previous quarters. I would like to note that structured products make up a very small component of our total backstop liquidity programs. 98% of the assets in the conduits that we provide liquidity to are unleveraged, plain vanilla, traditional asset classes such as credit card and auto receivables. Higher provisions in our Canadian business loans and retail loan portfolio primarily reflecting growth also contributed to the increase. To date, there have been no major issues with our Canadian loan portfolio.

At this point, I'll turn the call over to Janice Fukakusa to discuss our second quarter results.

JANICE FUKAKUSA, CHIEF FINANCIAL OFFICER

Thanks Morten. Slide 16 provides an overview of our quarterly performance. Net income was down $351 million from last year, because of the writedowns highlighted earlier. Earnings were also impacted by higher PCLs primarily in our U.S. banking business. Canadian Banking continued to perform well and underpin our earnings.

Non-interest expense was down 6% from a year ago reflecting lower variable compensation due to weaker results and the impact of a stronger Canadian dollar on the translation of U.S. dollar-denominated expenses.

Turning to slide 17, we have maintained our strong capital position. Our Tier 1 capital ratio this quarter was 9.5% under Basel two. The decrease from last quarter is largely due to higher risk adjusted assets and a higher goodwill deduction due to the acquisition of Alabama National BanCorporation which was partially offset by capital issuances. Also, our total capital ratio remains strong at 11.5% and our assets-to-capital multiple is well within OSFI requirements at 20.1 times. We continue to have excellent access to both short and long-term funding and have a modest amount of debt maturing over the next 18 months, which positions us well. I'll now review the quarterly performance of our four business segments.

Starting with Canadian Banking on slide 19, net income was up 15% over last year on higher results in Global Insurance and volume growth across all banking-related businesses. Looking at our banking-related businesses, earnings increased 7% over last year due to 17% and 18% growth in volumes in our home equity lending and personal deposits, respectively. As you know, home equity products are secured loans, and supported by low loan to value ratios. Canada's housing market continues to perform well in today's environment with solid consumer fundamentals. Our year-over-year earnings comparison is impacted by a $29 million loss ($35 million pre-tax) on redemption of our VISA IPO shares in the second quarter of this year. Our Banking-related operations are running efficiently with operating leverage of 3%. Compared to last year, expenses were lower, mainly reflecting our effective cost management efforts.

On slide 20 you will see net interest margin decreased over a year ago reflecting the changing portfolio mix as clients continue to display a preference for products such as home equity and high interest savings accounts which are lower-yielding to us. I will point out that our online-only High Interest Savings Account is a low cost channel for us and the net interest margin metric does not factor this in. Despite the challenging low interest rate and competitive environment we were able to grow net interest income in our Canadian Banking business by 5% over last year based on our sustained volume growth.

Global Insurance earnings were up $52 million over last year, reflecting lower disability claims costs and improved universal life experience in our Canadian insurance business as well as growth in our reinsurance business.

Looking at Wealth Management on Slide 23, net income was down 6% or $12 million from a year ago. Impacting this comparison was a foreign exchange translation gain on certain deposits that increased second quarter earnings in 2007 by $8 million. Also, appreciation of the Canadian dollar against the U.S. dollar reduced earnings in the second quarter of this year by $7 million over last year. In Global Asset Management, we grew assets under management by 10% and revenue by 5% over last year. In our brokerage businesses we had lower transactional volumes reflecting market conditions. Non-interest expense increased slightly from last year mainly due to the inclusion of J.B. Hanauer and increased costs in support of business growth.

Moving on to our U.S. & International Banking platform on slide 25, earnings decreased $29 million over last year largely due to increased provisions for credit losses related to our U.S. residential builder finance and retail loan portfolios. This was offset by growth in RBC Dexia IS and our U.S. banking business. Non-interest expense was up 12% or $47 million from the prior year, reflecting higher costs associated with the ANB acquisition - which closed in February, a full quarter of expenses of AmSouth branches, and higher processing and staff costs at RBC Dexia IS in support of business growth.

Slide 26 shows revenue in our Banking businesses was up $40 million for the year. In U.S. dollars, revenue was up $70 million and our banking-related operations grew loans 30% and deposits 33% over last year. This reflects the Alabama National acquisition and a full quarter of revenue from the AmSouth branches. We also had a $15 million gain related to the Visa IPO shares.

RBC Dexia IS revenue was up 17% from last year due to higher net interest income from deposits, and growth in custodian and securities lending activities.

Turning to Capital Markets on slide 27, net income was down from last year largely reflecting the writedowns that Gord and Morten discussed. Non-interest expense was also down due to lower variable compensation attributable to the writedowns.

On slide 29 you'll see a breakdown of RBC's total trading revenue. Despite the writedowns, some of our trading businesses did benefit during the period from the market volatility and declining interest rates, as Gord mentioned at the outset.

In conclusion, I would like to confirm that we provided additional disclosures in our report to shareholders this quarter and with these additional disclosures we were substantially in compliance with the overall substance of the Financial Stability Forum's recommendation for disclosure in areas that are significant to RBC.

At this point, I'll turn the call over to the operator to begin questions and answers.