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By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our objectives, 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, operational, and liquidity and funding risks, and other risks discussed in the Risk management section of our 2011 Annual Report to Shareholders and our Q1 2012 Report to Shareholders; general business, economic and financial market conditions in Canada, the United States and certain other countries in which we conduct business, including the effects of the European sovereign debt crisis and the lowering of the U.S. long-term sovereign credit rating by Standard & Poor's; changes in accounting standards, policies and estimates, including changes in our estimates of provisions, allowances and valuations; the effects of changes in government fiscal, monetary and other policies; changes to and new interpretations of risk-based capital and liquidity guidelines; the impact of changes in laws and regulations including relating to the payments system in Canada, consumer protection measures and the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the regulations to be issued thereunder; the effects of competition in the markets in which we operate; our ability to attract and retain employees; judicial or regulatory judgments and legal proceedings; the accuracy and completeness of information concerning our clients and counterparties; our ability to successfully execute our strategies and to complete and integrate strategic acquisitions and joint ventures successfully; development and integration of our distribution networks; and the impact of environmental issues.

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. 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 2011 Annual Report to Shareholders and the Risk Management section of our Q1 2012 Report to Shareholders.

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GORDON M. NIXON, PRESIDENT & CEO

Good morning everyone. Thanks for joining us and I hope you can also join us following the conference call for our Annual General Meeting.

As you can see from our results we had a very strong start to 2012 with first quarter earnings from continuing operations of over 1.8 billion dollars.

We had a record quarter in Canadian Banking with earnings of nearly 1 billion dollars. Capital Markets had a very strong quarter and we also had continued strength in our Insurance business and Wealth Management platforms.

I am also pleased to report that today, we announced a 3 cent or 6 percent increase to our dividend, bringing the quarterly dividend to 0.57 cents a share.

I should also mention that the sale of our U.S. retail banking operations is expected to close tomorrow and in anticipation of this, we have converted our cross-border clients onto our new U.S. banking platform, which we are very excited about.

Strategy

Our results this quarter continue to demonstrate the strength of our long-term strategy, based on generating approximately three-quarters of our earnings from retail and the balance from wholesale.

Looking ahead and based on our five-year strategic plan, our retail platforms should continue to deliver solid growth; and while we expect the contribution from Capital Markets to continue to grow and be strong, the percentage of our overall earnings from wholesale is forecast to trend down from the mid to the low 20s.

We are a premier investment bank with a leading position in Canada, a strong and growing presence in the U.S, and a highly selective focus outside of North America based on our areas of strength, which includes global energy, mining and infrastructure.

This focused strategy is working extremely well and we believe that Capital Markets will continue to provide the right balance from both an earnings and risk diversification perspective.

I point this out because, as you know, Moody's recently placed our long-term credit rating under review along with 16 other firms simply because we are deemed to have significant global capital markets activities.

In our view, we are being reviewed because of our profitability and success in this business, rather than due to specific performance or risk concerns.

Our credit rating and capital base are among the strongest of all banks globally. Our ratings are amongst the highest of all institutions placed under review by Moody's and our metrics and risk profile are entirely different. The relative percentage of our wholesale business is at the median of our Canadian peers and well below the others being reviewed.

Over the past three years, our Capital Markets segment has been consistently profitable and has not incurred substantial losses – something that is not the case of other large global banks or even other Canadian banks.

Our ROE from this business has averaged 19 percent over the past three years, and we earned approximately 17 percent in 2011.

While we were surprised to be included in Moody's review, we certainly look forward to our discussions to assist Moody's in their understanding of our business today, and the steps we have taken to optimize our balance sheet, reduce risk and adapt to structural and regulatory changes that are occurring in the market.

Turning to Q1, we saw improved capital market conditions in the quarter, driven by some positive economic data, as well as the impact of coordinated efforts by global central banks, including the ECB, to provide additional liquidity to the market.

Though we are encouraged by the improved market conditions, we believe underlying global capital markets remain fragile reflecting unstable economic conditions in the U.S. and in particular, Europe.

Within this context, our objective is to ensure that RBC is well positioned to continue to grow earnings, while maintaining a strong capital position and adhering to our strict risk management practices.

In the first quarter, we continued to deliver against those objectives – On capital - we generated a strong Tier 1 capital ratio of 12.2 percent and Tier 1 Common ratio of 9.6 percent. With this strong financial position, we already meet the fully implemented Basel 3 capital requirements today, and Janice will expand on how we are transitioning over the next three quarters.

With respect to Europe, we continue to follow the events very closely and manage our exposures accordingly. Compared to Q4, our net exposure to Europe was down by approximately 2 billion dollars, primarily reflecting ongoing de-risking activities as well as a shift of capital from trading into corporate and investment banking.

On the domestic front, there has been considerable media coverage on consumer leverage, as well as the rapid rise of Canadian house prices over the last few years. I would like to briefly provide our perspective on the issue.

With respect to consumer leverage, while the absolute number appears high by historical standards and is driving much of the press, it is important to look at consumer debt service ratios. These levels are within our historical and normalized range and clearly indicate that our clients have both the ability to continue to service these debt levels.

Overall, we believe the Canadian housing market continues to fare well and we do not see any major cause for concern. Housing affordability remains at reasonable levels in most markets, and we are keeping a close watch on certain pockets where the price appreciation is above the long-term average. There may be some vulnerability in the condo markets in Vancouver and Toronto, but as I have said before, we have limited exposure to these markets.

As Morten will highlight in his remarks, we have a strong adjudication process, we actively stress test and our credit metrics continue to demonstrate the strength of our portfolio. In addition, we only originate through proprietary channels.

Turning to the performance of our businesses. Canadian Banking had a record quarter with earnings of 994 million, which represents more than half of RBC's total quarterly earnings. These record results were driven by growth across most businesses, with volumes up 9 percent over last year – clearly demonstrating our leadership even in a slow growth environment. And once again, we achieved these results while demonstrating margin stability.

We continued to expand our client reach and invest in technology and innovative solutions to improve the client experience. For example, we recently announced a banking partnership with Shoppers Drug Mart to offer a co-branded RBC Shoppers Optimum banking account and debit card with enhanced Shoppers Optimum awards.

We are continuing to prudently invest for future growth, with a strong focus on managing costs and Janice will expand on this in her remarks. Overall, we believe the scale of our Canadian Banking business provides enormous potential to drive further growth and improve efficiencies while extending our leadership position.

Moving on, Wealth Management had a solid quarter given the continued challenges in the market and ongoing client uncertainty, especially in the early part of the quarter which then improved as the quarter moved on. We are investing for the long-term by building our brand and improving our client offering. The success of our strategy is evident in a couple of recent industry awards -

RBC Global Asset Management and PH&N were recently awarded the top Lipper Awards for the sixth consecutive year; and we ranked top ten in Euromoney's survey for Trust Services globally.

Turning to Insurance, where we had another strong quarter. This business continues to make a consistent contribution to our diversified earnings stream and complement our overall retail offering.

Moving on to International Banking. Although both businesses continue to face near-term headwinds in their respective operating environments, the long-term prospects remain favourable.

In the Caribbean, we have a strong brand and continue to focus on integrating operations. In RBC Dexia, this business ranks among the top 10 global custodians and we are continuing to expand our capabilities to strengthen and grow our client base. We remain committed to the Investor Services business as it is very complementary and fits with our long-term strategy and driversity. We continue to have discussions with our partner Dexia, and hope to conclude negotiations soon.

In Capital Markets, we had strong results in our fixed income trading business in the U.S. and Europe, driven by improved credit spreads and client volumes particularly in the latter part of the quarter. We also had solid growth in our origination and loan syndication businesses, and we continued to add quality names to our loan book. Our investment banking pipeline remains strong and we are hopeful that the stable market environment which drove increased client activity this quarter will continue.

To conclude, our results this quarter demonstrate the earnings power of RBC, driven by our leading market positions, diversified business mix, strong capital position and our prudent focus on managing risk and costs. While many global banks are being forced to restructure or withdraw from certain markets, RBC is extremely well positioned from a competitive perspective and our financial strength sets us apart and provides flexibility to continue executing our long-term strategy.

MORTEN FRIIS, CHIEF RISK OFFICER

Starting with credit, on slide 8, overall, credit quality improved compared to the prior quarter. Provision for Credit Losses on impaired loans from continuing operations improved 2 basis points, or 8 million dollars from the prior quarter to 29 basis points, or 268 million dollars.

This improvement was largely driven by lower provisions in our Caribbean retail lending portfolio and our Caribbean and Canadian commercial portfolios. In our corporate portfolio we had a provision on one account resulting in a net provision of 17 million dollars, a 12 million dollar increase over last quarter. We also had a moderate increase in provisions on our residential mortgages and secured personal lending portfolios. Turning to our retail portfolio on slide 9, loss rates are relatively stable across all products and the credit quality of our portfolio remains sound.

As highlighted on slide 10, our mortgages are well diversified across Canada and approximately two-thirds are uninsured. The loan to value on our uninsured mortgage book is 50 percent, based on outstanding balances and adjusted for the provincial housing price index. Our proportion of insured mortgages is lower relative to our Canadian peers and there are a few reasons for this difference.

Our mortgage loans are originated strictly through our proprietary channels and we do not use the third-party mortgage broker channel where you tend to see a higher proportion of high ratio mortgages generated.

Also, some of our peers make use of portfolio insurance sold by the Government of Canada approved Mortgage Insurer for purposes related to credit risk and this would increase their proportion of insured mortgages relative to ours.

With respect to our underwriting standards, we have a strong and disciplined credit adjudication approach and we maintain consistent standards through the cycle. Our mortgage portfolio continues to perform well as our loss rates remain low and are well within our historical long-term range of 1-3 basis points. We stress test our portfolio for shocks in housing prices, unemployment, and interest rates and we are confident that our Canadian portfolio and our broad retail portfolio can withstand any drastic movements in these parameters.

Moving on to condos, there may be some vulnerability in certain markets, as Gord said, but our exposure is modest and across a multiple number of projects. Mortgages on condos represent less than 8% of our residential mortgage portfolio. Our exposure related to high-rise condominium construction is spread across a significant number of projects and is only CAD800 million or less than 3% of our commercial loan book. These loans require sufficient qualified pre-sales to cover the risk of market acceptance of the project and minimum purchaser deposits to ensure buyers close their purchases when buildings are complete.

Moving on to Europe on slide 11, as Gord mentioned, our net exposure has declined by approximately 2 billion dollars, or 5 percent from last quarter mainly driven by a reduction in European trading securities this quarter which largely reflected our ongoing de-risking and balance sheet optimization activities. Overall, we continue to transact in a prudent manner and remain comfortable with our exposures in Europe, which are with well-rated counterparties mainly located in larger European countries.

Turning to market risk, average Management Value at Risk was 40 million dollars, down 7 million dollars over last quarter primarily due to strategic risk reduction activities during the quarter. This quarter we have included disclosure on Stressed VaR, reflecting the 2009 Basel Committee amendment which became effective in the first quarter. We have been using Stressed VaR as a management metric and part of our limit structure since mid-2010.

Stressed VaR is calculated using data from the most volatile historical period which means that we are using data from the period that includes the Lehman Brothers default. The risk reduction activities I noted earlier have reduced Stressed VaR over the quarter resulting in a quarter-end number of 55 million dollars. During the quarter, we had a total of 5 days with net trading losses, with no losses exceeding VaR as market conditions stabilized.

JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

Turning to slide 13, as Gord mentioned, we had a very strong first quarter with earnings from continuing operations of over 1.8 billion dollars, up 17 percent over last quarter. These results were driven by record earnings in Canadian Banking reflecting strong volume growth, higher earnings in Capital Markets and continued strength in Insurance and Wealth Management. An overall it was a very clean quarter.

Compared to last year, earnings from continuing operations were down 120 million dollars or 6 percent, as business growth in Canadian Banking and Insurance and stable credit quality was more than offset by lower results in Capital Markets which had a record quarter last year. Factoring in last year's gain related to MBIA of 49 million dollars after-tax and compensation adjustments, earnings for Q1 were down 4 percent over last year.

As Gord said, we have a strong capital position with a Tier 1 capital ratio of 12.2 percent. As seen on slide 14 and consistent with the guidance we provided last quarter, our Tier 1 capital ratio was down 110 basis points sequentially, reflecting the regulatory change in the treatment of investments in insurance subsidiaries, higher risk-weighted assets for Basel 2.5, and the phase-in of the transition to IFRS. I would like to point out that on a pro forma basis as at January 31, we expect the sale of RBC Bank to add an estimated 100 basis points to our Tier 1 capital ratio.

Building on Gord's remarks, we revised our capital allocation methodology effective this quarter to further align our process with new and evolving regulatory requirements. The new approach replaces the pro-rata allocation of unallocated capital that was used in 2011 and the impacts are being phased-in over 2012 in anticipation of Basel 3 requirements in 2013. This resulted in a significant increase in capital being allocated to Capital Markets.

We continue to take steps in this business to optimize capital and mitigate the impact of regulatory changes, including increasing the contribution from fee-based businesses which are more favourable from a capital standpoint.

Moving on to the performance of our segments on slide 15. Canadian Banking had record earnings of 994 million dollars up 5 percent from last quarter, largely reflecting solid growth in home equity products, personal and business deposits, and business loans. Compared to last year, net income was up 61 million dollars or 7 percent. Looking at slide 17, net interest margin remained stable as favourable product mix was largely offset by the impact of the continued low interest rate environment.

Our efficiency ratio this quarter stood at 44.9 percent – an 80 basis point improvement quarter over quarter primarily due to seasonally lower marketing spend. Compared to last year, efficiency was up 80 basis points, largely driven by higher initiative spend.

When you are looking at our expenses, approximately half of our expense growth was related to investments we are making for the long-term, including increased technology spend to improve productivity and drive customer satisfaction. Another one-third of the growth was related to the timing of performance-related compensation and is not expected to recur in the coming quarters. The remainder of the increase came from costs associated with volume growth, including inflationary impacts.

We remain firmly committed to our cost program and driving our efficiency ratio down to the low 40's over the medium term. However, there will be fluctuations on a quarterly basis, including some seasonality and the timing related to investments we are making for the long-term.

We have a number of initiatives underway in Canadian Banking to dynamically manage the trajectory of expense growth against revenue growth and we believe that we can generate a positive operating leverage in this business by the end of the year.

Turning to Wealth Management, we earned 188 million dollars this quarter. Our businesses continued to be impacted by lower transaction volumes, largely driven by a challenging market and continued investor uncertainty. We did however see some increase in client activity and capital appreciation in January as markets stabilized.

Moving to Insurance, net income was 190 million dollars, down 10 million dollars from the prior quarter, mainly due to higher claims costs and a new U.K. annuity reinsurance contract that was a little smaller than the contract last quarter.

It's worth noting that relative to other products, annuity reinsurance involves a larger upfront recognition of profit on new treaties as this product has lower acquisition costs and a longer term. Additionally, as we continue to build our reinsurance business, the timing and value of such contracts may fluctuate.

International Banking net income of 24 million dollars was up 14 million dollars from the prior quarter, primarily due to lower provisions for credit losses in Caribbean banking. Compared to last year, net income was down 44 million dollars, driven by continued spread compression in Caribbean banking.

In Capital Markets, net income was 448 million dollars, up 294 million dollars from the prior quarter driven by significantly higher fixed income trading revenue in the U.S. and Europe. Market conditions improved significantly over last quarter and our fixed income trading businesses benefitted from tighter credit spreads, and higher client volumes.

Overall, Corporate and Investment Banking saw positive trends this quarter with solid growth in our debt and equity origination and loan syndication businesses this quarter. Our Q1 results also reflect net mark to market losses on CDS hedging on our loan portfolio of 25 million dollars, compared to a gain of 30 million dollars in the prior quarter.