ROYAL BANK OF CANADA
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From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the *United States Private Securities Litigation Reform Act of 1995* and any applicable Canadian securities legislation. We may make forward-looking statements in these speaker's notes, in other filings with Canadian regulators or the SEC, in reports to shareholders and in other communications. Forward-looking statements include, but are not limited to, statements relating to our business segment review, credit outlook, and regulatory changes in these speaker's notes. The forward-looking information contained in these speaker's notes is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, business segment review and credit outlook, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "believe", "expect", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could", or "would".

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate and that our assumptions may not be correct. 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 liquidity and funding risks, and other risks discussed in the Risk, capital and liquidity management section of our Q1 2010 Report to Shareholders and in our 2009 Annual Report; general business, economic and financial market conditions in Canada, the United States and certain other countries in which we conduct business; 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; the effects of competition in the markets in which we operate; the impact of changes in laws and regulations, including tax laws; 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; and development and integration of our distribution networks.

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, capital and liquidity management section of our Q1 2010 Report to Shareholders and in our 2009 Annual Report.

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GORDON M. NIXON, PRESIDENT & CEO

As you can see from our results this morning, RBC is showing great momentum and is off to a solid start in 2010. We earned $1.5 billion this quarter, up 35% from last year and 21% from last quarter -- our second best quarter of earnings.

This quarter we had earnings growth in all of our businesses. Canadian Banking earnings increased 12% from last year and Capital Markets continued its strong performance. We've had growth in Wealth Management, Insurance, and made solid progress in our International Banking business.

We are seeing signs of improvement in market and economic conditions and we are taking advantage of opportunities.

Our capital ratios remain amongst the strongest globally. We've ended the quarter with a Tier 1 ratio of 12.7% and a tangible common equity ratio of 9.1%. And, at this time, we are maintaining our quarterly dividend at $0.50 per common share.

We feel very good about where we sit from a capital perspective. We believe, even factoring in changes to capital rules, we are extremely well capitalized. Our tier 1 levels and our tangible equity levels are both high, and our leverage ratios are low by global standards.

I will go into more detail on the proposed Basel regulations during my AGM presentation but I would like to comment briefly on the recently announced mortgage regulations.

I do believe the proposed changes could head off potential speculative activity in the housing market but from RBC's perspective, we already have very conservative underwriting standards and we don't anticipate any significant changes to how we underwrite our loans or how we operate our business.

Before we look at our businesses, I want to point out that there were a few insignificant items impacting segment results this quarter that offset one another and have no material impact on our overall earnings. As an example, I would highlight this quarter we recognized $80 million on the sale of securities in our available-for-sale (AFS) portfolio but these gains were mostly offset by the cost of unwinding the related funding of these securities that was reported in net interest income.

We have actively repositioned our AFS portfolio over the last year by selectively selling lower quality positions and purchasing higher quality assets. We have also seen price improvements across a broad range and number of securities. As a result, we have a higher quality portfolio compared to last year, and currently have net unrealized gains of $39 million.

Canadian Banking performed extremely well and continued to underpin our earnings. We had strong volume growth and market share gains across most products reflecting our leadership position in Canada.

The tremendous strength of this business has been supported by our ability to drive cost savings and build efficiencies. We are continuing to make improvements in sales productivity and simplifying processes. For example, we are reducing costs by moving transactions to lower cost channels and delivering more client statements electronically.

You can see from our results that we have made significant strides on the cost side. At the same time, we are continuing to invest in our business for the long term. For example, I'm sure some of you saw our new marketing campaign roll out during the Olympics – close to 90% of Canadians were watching during peak programming hours. Our sponsorship was a great opportunity to promote and enhance our brand strength and profile RBC on the Canadian stage and globally.

Our initiatives are gaining traction - Solid revenue growth coupled with our ongoing focus on cost management drove an efficiency ratio of 45.7% this quarter. That's a 140 basis point improvement from last quarter and we believe we can continue to drive this ratio to the low 40's over the medium-term.

While we continue to experience elevated PCL reflecting the current economic conditions, we still expect credit quality in Canada to improve in the latter half of 2010.

In Wealth Management, improved market conditions and investor confidence drove higher fee-based assets and higher transaction volumes over last year, continuing the significant earnings recovery in this business from the period of market lows.

We are continuing to leverage our global capabilities to differentiate our product and service offerings to both individual and institutional clients and we are being recognized for our achievements. Phillips, Hager and North was recently awarded Best Overall Fund Group and Best Bond Fund family in Canada by Lipper. We also received global recognition in Euromoney Private Banking Awards, winning "Best Private Banking Services Overall" in three separate regions of the world - Canada, the Caribbean and Jersey.

Insurance exhibited strong growth across most products by leveraging our distribution and brand strength and continues to complement our retail product offering. We have taken a number of steps to enhance and streamline business processes to ensure that clients find it easy to do business with us, while keeping our expenses down.

In International Banking, the net loss was lower than last year and last quarter. We continue to see signs of improvement in our U.S. banking loan portfolio. We are working hard, and making progress in restructuring this business to enhance our competitive position, improve client service and achieve greater operating efficiency.

Once again, in Capital Markets we benefitted from the strength and diversity of this business. We had improvement in our investment banking results and while we did see some moderation of trading levels this quarter, reflecting reduced market volatility, tightening spreads and increased competition, we continue to generate solid results.

Our relentless focus on maintaining our leadership position in Canada has led to a number of notable awards this quarter: We were once again named Canada's "Dealmaker of the Year," a leadership position we have maintained for the past seven consecutive years. We were also named Best Investment Bank in Canada winning all three categories – debt, equities and M&A.

Outside of Canada, we continue to extend our lead in select markets and have momentum in a number of businesses. In 2009, we ranked in the top 20 for M&A both in the U.S. and globally.

All of our businesses had strong results this quarter.

Earning $1.5 billion this quarter and an ROE of 17.5% speaks to the earnings power of the organization, the strength of our businesses and our ability to manage costs and capital effectively.

Our longstanding strategy and diversified business model continues to serve us well as we extend our leadership position in Canada and build our global platform.

I would like to recognize our employees around the world for their commitment and dedication to the organization. They were key to our success this quarter and last year and will be the drivers of our next phase of growth.

MORTEN FRIIS, CHIEF RISK OFFICER

Turning to credit on slides 13 to 15, overall provision for credit losses decreased $390 million over last quarter. Specific provision for credit losses declined primarily in our U.S. corporate lending and U.S. residential builder finance portfolios. We did not have a general provision this quarter which compares to a provision of $156 million last quarter.

Credit quality has generally improved from the last quarter reflecting stabilizing asset quality driven by the improvement in the economic environment. During the quarter key indicators such as the rate of bankruptcies improved and the unemployment rate steadied.

In our Canadian Banking segment, provisions were flat from the last quarter as higher provisions in our business lending portfolio were offset by lower provisions in credit cards and unsecured personal lending, as a result of fewer personal bankruptcy filings. Credit card specific provisions as a percentage of average loans improved to 439 basis points from 467 basis points last quarter. Our residential mortgage portfolio continues to perform well with specific provisions as a percentage of average loans of 1 basis point, which is consistent with our historical performance.

Specific PCL in International Banking decreased $54 million mainly reflecting lower provisions in U.S. banking, primarily in our residential builder finance portfolio resulting from stabilizing asset quality.

This quarter we had no provisions on available-for-sale securities reclassified to loans and this also contributed to the decrease in provisions. These factors were partially offset by higher provisions related to U.S. commercial loans. Provisions in the Caribbean were flat as asset quality remained stable in spite of the impact of slowing tourism and elevated unemployment.

Capital Markets specific provisions of $30 million decreased $190 million from the prior quarter.

Overall our credit performance compared to last quarter was good. The sustainability of the current level of PCL will be dependent upon the further entrenchment of the economic recovery and improvement in unemployment levels. The absolute level of provisions still remains historically high and credit quality will continue to impact our consolidated results throughout 2010 as credit losses have historically come off the peak one year after the trough of the economic cycle.

Although the unemployment rate in Canada is expected to remain at an elevated level throughout 2010 the expectation remains that credit quality will improve modestly in the second half of the year. Credit quality is expected to continue to be weak in the U.S. however it should generally improve when compared to 2009 as we are coming off a very high level of credit losses last year.

Turning to market risk, we had 3 days of small net trading losses all well within VaR. From a risk perspective capital markets continued to generally improve and volatility has diminished from the prior year and quarter.

Effective this quarter, any gains or losses on securities which we previously referred to as market environment-related will be treated as normal course and not be separately disclosed. This quarter we did have fluctuations in certain securities and the impacts are minimal.

JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

As Gord mentioned, RBC is off to a solid start in 2010. Our first quarter net income of $1.5 billion was up 35% over last year, and up 21% from last quarter. This quarter we had strong results across most of our businesses and lower provision for credit losses, and we continued to make progress on our cost initiatives. Earnings increased from the prior year reflecting the general improvement in market and economic conditions.

As Gord mentioned, our capital position remains very strong with a Tier 1 capital ratio of 12.7%. Our ratio was down 30 basis points from last quarter, largely due to higher risk-adjusted assets from increased Credit Risk, partially offset by earnings.

To give you some background, under Basel II requirements, we annually review and recalibrate key parameters to calculate risk-adjusted assets, based on our actual credit experience with respect to default, loss and usage over the last 10 years. As a result, our risk-adjusted assets increased this quarter primarily due to increased risk parameters, reflecting higher realized defaults and losses in our retail portfolio as well as higher realized defaults for financial institutions in the wholesale portfolio, and some credit deterioration.

Before moving on to the segments, I would like to point out that our effective tax rate was 27.1% this quarter, up 3.5% from last quarter. This increase was mainly due to higher income from jurisdictions with higher income tax rates. We did have tax adjustments in some of our business segments this quarter, but they were largely offsetting and had minimal impact at the consolidated level.

Let's move to slides 17 and 18 for a closer look at the performance of our five business segments.

Starting with Canadian Banking, net income of $777 million was up 12% from last year mainly driven by volume growth across most businesses, and our ongoing focus on cost management that Gord highlighted, partially offset by higher PCL. Last year's earnings included a favourable adjustment to our credit card reward program liability of $52 million ($32 million after-tax). Net income was up 8% from last quarter, reflecting volume growth across most businesses and our cost containment initiatives. And last quarter's earnings were positively impacted by a $18 million ($12 million after-tax) gain on the sale of a portion of our remaining Visa shares.

Looking at slide 19, you can see we experienced margin expansion from last quarter reflecting higher spreads from repricing activity and lower funding costs. When the absolute level of rates increases we should benefit from further margin expansion.

Moving on to Wealth Management, net income was $219 million, up $91 million over last year due to higher average fee-based client assets and transaction volumes, cumulative accounting adjustments of $39 million ($34 million after-tax), and a favourable income tax adjustment of $30 million. These factors were partially offset by spread compression. Compared to last quarter, earnings were up $58 million, primarily due to the two adjustments I just mentioned, partially offset by lower transaction volumes.

Insurance net income was $118 million, up $6 million over last year reflecting solid business growth, largely in our European life business, investment losses in the prior year and the favourable impact of a new U.K. annuity reinsurance arrangement. Our continued focus on cost management reflecting productivity initiatives also contributed to the increase. These factors were partially offset by unfavourable actuarial adjustments and higher disability claims costs. Net income increased $14 million from last quarter mainly due to a lower level of unfavourable actuarial adjustments and investment losses in the prior quarter.

International Banking net loss of $57 million improved from a net loss of $100 million last year, primarily due to lower provision for credit losses which Morten explained, and our continued focus on cost management. The net loss this quarter improved from a net loss of $125 million last quarter, due to the provision last quarter related to certain Caribbean banking mutual funds which was partially reversed this quarter. Our results also reflect lower provision for credit losses and our ongoing focus on cost management.

Net income for Capital Markets was $571 million, up $346 million from a year ago as our prior year net income included significant market environment-related losses. This was partially offset by lower trading revenue in certain businesses. We also had lower provision for credit losses and improved results across most of our investment banking businesses. Compared to last quarter, revenue and earnings were relatively flat. The increase in net income of $10 million largely reflects lower provision for credit losses and the release of the remaining Enron-related litigation provision of $53 million ($29 million after-tax). This was partially offset by higher variable compensation as last quarter included an annual adjustment which lowered the fourth quarter expense.

Slide 20 illustrates RBC's total trading revenue. This quarter we continued to benefit from the strength and diversity of our trading platform. Compared to last quarter we had lower trading revenue in our money market, foreign exchange and fixed income businesses, partially offset by higher trading revenue in equities. Certain of our trading businesses performed at a more moderate level this quarter, reflecting reduced market volatility, tightening of spreads and increased competition.