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We caution that the foregoing list of important 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 2009 Report to Shareholders, and in our 2008 Annual Report to Shareholders.

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GORDON M. NIXON, PRESIDENT & CEO

As you know – our reported earnings this quarter were impacted by the goodwill impairment charge that we announced in mid-April. As a result, we had a net loss of $50 million under generally accepted accounting principles.

The charge is a non-cash item and does not affect our cash net income, our ongoing business operations or our capital ratios. Our cash net income was approximately $1 billion this quarter, which is up 4% from last year.

Turning to slide 5, our earnings were also affected by market-related losses and a general provision. These reduced our net income by $442 million and earnings per share by $0.31. As you can see, market-related losses have been subsiding. Our underlying results are solid and we believe we have tremendous momentum in all of our businesses with the exception of U.S. retail banking that continues to operate in a very difficult industry.

Our capital ratios are extremely strong and significantly higher than historical levels. Our Tier 1 ratio is 11.4% and our tangible common equity ratio is 7.9%. Over the past two quarters, we have grown our Tier 1 ratio from 9%, which was among the lowest of our Canadian peers, to its current level, which places us among the highest of our peers. This is the result of both planned capital raising activities and targeted management of our balance sheet, and growth in our cash earnings.

In the short-term, we believe it is extremely important to be conservatively capitalized because our capital strength provides us with a competitive advantage in the marketplace and substantial flexibility. We have tremendous opportunities to deploy capital in our existing businesses and toward other opportunities consistent with our strategy. Over time our ratios will likely trend down, as we take advantage of attractive ways to deploy capital and I must say I have never been more positive in the ability to earn good returns on marginal capital as we begin to exit this difficult economic environment that we've been dealing in.

We are also maintaining our quarterly dividend at 50 cents per common share.

We believe our businesses are well positioned for the current economic cycle. It’s worth spending a few moments to talk about the environment and address the potential of our various businesses to perform through different points of the cycle.

In the context of the global capital markets, we are starting to experience stabilization. Credit spreads are beginning to ease, volatility has moderated from its recent peaks and investor confidence is increasing.

Global economic conditions, however, will be slower to recover as there is always a lag.

In the U.S., the rate of decline in the economy may be easing, which is a good sign, but the economy remains in a deep recession. The auto sector weighs on growth and the deleveraging by households and businesses continues to restrain activity.

The Canadian economy is also in recession, but certainly to a lesser degree than the United States. I would expect the Canadian economy to perform differently than the U.S. through this cycle.

As I've mentioned in the past, there are important structural differences between the two markets. The underlying fundamentals with respect to the Canadian housing market, consumer debt levels, and fiscal policies better enable Canada to manage through the cycle and hopefully will result in a faster recovery. There are signs that the economy will bottom out in Canada in the first half of calendar 2009, however, we would expect the pace of any economic activity to recover very slowly.

In terms of RBC, I believe the diversity of our businesses gives us an advantage over many of our peers. We are the market leader in most of our businesses and each business performs differently during the different stages of an economic cycle.

For example, our Capital Markets capabilities have enabled us to take advantage of volatility in the current capital markets and will allow us to take advantage of further opportunities as Global Markets continue to recover and corporate activity, financing, M&A, etc., increases.

Next, our leading Wealth Management operations can be expected to strengthen as asset values recover and investor confidence improves.

And finally, it's well known that retail banking tends to lag overall changes in the economy, but as the leading bank in Canada we expect to be able to outpace our competition as we move through the cycle.

I have talked for several quarters – if not years – about the virtues and discipline of our diversified business model because of its ability to generate good returns throughout the cycle. As you know, we focus on managing our company for long term growth and remain committed to what we believe has proven to be an appropriate business mix. Our longstanding goal is to have a an approximate 75 – 25 split between our retail banking, insurance and wealth management operations on the one hand, and our capital markets operations on the other.

Of course, you will see some variations to this mix over the short term reflecting the stage of the cycle. For example, as you're aware, we are currently seeing higher contributions from Capital Markets. This business does have better short-term prospects than the banking business these days particularly in the United States. But I would point out this is a result of strength in Capital Markets and of course weaknesses in the earnings of our U.S. banking businesses and Wealth Management businesses as well. However, we would expect that this will revert to our long term range once these other businesses start to improve as the cycle progresses.

Our strength, business mix and consistent execution against our strategy has translated into solid performance over the medium and long term. Our total shareholder returns compared to our North American peer group are on slide 7. We ranked first and outperformed the market over all periods.

I will now go though each of our business segments in more detail.

Our Canadian Banking segment remains our foundational strength and has allowed us to continue invest and grow in other businesses and geographies over time. We continue to generate solid volume growth, reflecting our ability to attract new clients and new business from existing clients. Our Canadian Banking results compare favourably to all our peers and are exceptionally strong given the economic and interest rate environment.

As a reminder, each of our reported segments fully absorbs the impact of the interest rate environment and changes in interest rates on their respective businesses. Our philosophy is that this provides an accurate picture of each segment's performance and also incents the right behaviours and decisions within our businesses.

Margins continue to be affected by the low interest rate environment, particularly spreads on deposits.

In terms of credit performance, our provisioning levels are within our expectations in banking and consistent with the current economic environment. Our residential mortgage portfolio continues to perform very well and reflects Canada's solid housing fundamentals and our conservative lending practices.

Wealth Management has been impacted by market conditions including the impact of low interest rates on spread income from client deposits. The business is very well positioned for the future and we see significant opportunities in growth as the equity markets continue to improve and investor confidence returns.

We are expanding our product line and we remain focused on attracting top advisors – both in Canada and outside – who are able to leverage the strength and stability of RBC for the benefit of their customers arena.

Insurance generated consistent earnings in the quarter, adding to our diversified earning stream.

International Banking was largely impacted by the non-cash goodwill impairment. As I mentioned, the U.S. economy is still experiencing many difficulties and the business remains challenged as a result of provisions for credit losses reflecting the weak environment. We are focused on refining our operating models to improve our efficiencies and enhance our competitiveness in our U.S. banking business.

Our Caribbean banking business is a good contributor to earnings, and RBC Dexia continues to execute in global custody services.

Capital Markets produced solid results once again demonstrating our ability to take advantage of market conditions and our overall strength as a counterparty. We had strong trading results in our U.K. and U.S. fixed income and money markets businesses and U.S.-based equity businesses. Market environment-related losses are beginning to subside, reflecting improved conditions in the financial markets.

Through these uncertain times, it's clear to me that clients are choosing to do more business with RBC because of our brand, our financial strength and our expertise. Across our enterprise, our people are providing advice to help our clients create what is important to them today as they plan for their future. We will continue to take advantage of opportunities in the marketplace, building our client base, recruiting key talent and enhancing efficiencies.

MORTEN FRIIS, CHIEF RISK OFFICER

Looking at slides 10 to 14, specific provisions for credit losses increased by 153 million dollars over the last quarter. We also added 223 million dollars to the general provision, which relates primarily to our US banking operations.

The impact of sustained recessionary conditions in the US has been significant across our US banking portfolios, particularly residential builder finance. Housing and commercial real estate markets remain weak although there were signs emerging that the pace of home prices and housing starts is moderating.

In our International Banking segment, the increase in provisions by $89 million from last quarter is mainly attributable to our US banking operations. This quarter we saw further deterioration in residential builder finance, as well as lot loans, home equity and residential mortgages. Provisions in our commercial and business portfolio remained roughly level with last quarter, including commercial real estate loans. Our experience within individual portfolio categories has been consistent with that of our US peers. However, our portfolio mix is different, with a higher concentration in residential builder finance.

The home building business is among the first portfolios impacted when the housing market has a downturn and economic conditions slow. As a result, residential builder finance portfolios in the US, including ours, have been at the front end of the credit deterioration and has been impacted more quickly than other portfolios. Outside of residential builder finance, credit losses typically peaked one year after the trough of the economic cycle has been reached, and our US banking portfolios will remain under pressure until a definitive bottom or turn occurs in the market.

Looking at the Caribbean, as expected, we are seeing some softening, but it is moderate and the portfolio is small. Our portfolio is primarily retail and commercial, with nominal direct exposure to hotels and resorts. In Canada, the economic weakening has been less severe than in the US and not a direct result of the housing market.

In our Canadian Banking segment, the increase of $81 million in provisions from last quarter is mainly due to higher impaired business loans and credit card write offs. Credit card specific provisions as a percentage of average loans is 437 basis points this quarter. The level of provisions is consistent with what we would expect at this point in the economic cycle and reflects the sustained recessionary conditions as well as increased personal bankruptcies.

Our Canadian residential mortgage portfolio continues to perform well and with a specific PCL ratio of 2 bps, which is consistent with last quarter. The uninsured portion of the portfolio, including secured lines of credit, has an average LTV of 55 %. The rest of the portfolio is insured.

In Capital Markets, specific PCL increased $87 million from a year ago and decreased $15 million from last quarter. We took an additional provision related to impaired loans to an RBC-administered conduit. These are the same loans that I have spoken to you about in the past, most recently in Q4 2008. The impaired amount is 201 million dollars and we have taken aggregate provisions of 121 million dollars against these loans. We also had a few additional impaired loans in our U.S. corporate lending portfolio. Finally, you will recall that last quarter we took a provision related to a specific prime brokerage client in our Canadian corporate portfolio. This quarter we recovered approximately 100 million dollars or 75 percent of the provision taken in the first quarter.

Turning to slide 14, let's look at trading VaR. During the quarter there was one day with net trading losses, which exceeded VaR for that respective day. Both the loss date and the large profit date at the end of the quarter arose primarily from credit valuation adjustments, including those for MBIA.

JANICE FUKAKUSA, CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

Thanks, Morten. As Gord mentioned, we reported a net loss for the quarter of $50 million as a result of the goodwill impairment that we announced on April 16th. Cash net income was $993 million, up 4% over last year, mainly attributable to higher trading results, lower market environment-related losses and higher securitization gains offset by higher provision for credit losses and higher non-interest expense.

The rise in non interest expense was attributable to higher earnings-based variable compensation driven mainly by higher trading results in Capital Markets, increased expenses due to prior year acquisitions and the stronger U.S. dollar.

Capital markets began to stabilize part way through the quarter and resulted in lower market-related losses and a lower net unrealized loss position in our available-for-sale portfolios. Tightening credit spreads had both negative and positive implications. We had negative adjustments on RBC debt designated as held-for-trading and on credit default swaps used to economically hedge corporate loans. Positive credit valuation adjustments on derivative trading activities partially offset these amounts.

Several new U.S. GAAP standards became effective November 2008. These standards require enhanced qualitative and quantitative disclosures regarding to our use of derivatives and hedging activities, and our continuing involvement with assets for which we've obtained off balance sheet treatment. These disclosures can be found in the U.S. GAAP reconciliation note of our Second Quarter consolidated financial statements.

Let me now move on to the performance of our five business segments.
Starting with Canadian Banking on slide 16, net income was down 4% from last year, reflecting higher provision for credit losses, continued spread compression and lower mutual fund distribution fees. We continued to grow volumes across all businesses. Lower interest rates impacted margins on deposits.

Slide 17 shows net interest margin decreased over the year and the quarter.

Moving on to Wealth Management on Slide 18, net income decreased 31% from a year ago due to lower fee based and spread revenue.

As shown on slide 19, Insurance net income was up 9% over last year. This largely reflects lower funding charges, growth in most businesses and an ongoing focus on cost management. Partially offsetting these items were unfavorable actuarial adjustments.

Let me move on to International Banking on slide 20, the net loss was mainly due to the goodwill impairment and higher provision for credit losses in our US banking business that Morten highlighted.

Looking at Capital Markets on slide 21, net income was up $407 million from a year ago, primarily due to higher revenue from our Sales and Trading businesses along with lower market environment-related losses. These factors were partially offset by higher variable compensation commensurate with higher trading results as well as higher loan loss provisions and taxes.

A large portion of our Capital Markets variable compensation is based on profits rather than revenues. Revenue-only payouts are more the norm in the investment banking industry. We believe our incentive compensation structure strikes a better balance of risk and payout for our shareholders and employees.

Slide 23 illustrates RBC's total trading revenue. Our strong trading results were driven by increased market volatility, declining interest rates, wider bid/offer spreads and increased client flow. We had higher trading volumes in more traditional, less structured fixed income and currency products such as FX spot and forwards, bonds, money markets and interest rate derivatives.