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Additional information about these and other factors can be found in the Risk, capital and liquidity management, Overview of other risks, and Additional factors that may affect future results sections of our 2008 Management's Discussion and Analysis.

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GORDON M. NIXON, PRESIDENT & CEO

Without question, the tremendous volatility in the financial markets and weakening global economy have combined to make this a very challenging year for banks around the world. Fiscal 2008 and particularly the last quarter were marked by unprecedented events, including the collapse of some major global financial institutions, a rise in funding costs, dramatic declines in equity markets and government bailouts of historic proportions.

While we have had losses related to the market environment, RBC is one of the world's most profitable financial institutions, having generated approximately $4.6 billion in earnings in 2008, with a return on equity of 18%. Equally important is that we have generated these results and maintained a consistently strong capital position throughout the year.

In aggregate, our earnings were down from last year mainly due to higher writedowns and higher provisions for credit losses, primarily in our U.S. banking business.

Slide 5 highlights items that impacted our full year and Q4 results, including gains related to fair value adjustments on RBC debt and the reduction of our Enron-related provision. Our reported diluted earnings per share is $0.81 for the fourth quarter and $3.38 for the full year. I would like to highlight this is after items that had an $0.18 impact on the quarter and a $0.77 impact on the year.

Never has it been more important for us to focus on the fundamentals of our business. And I am firmly convinced that our relative strength in earnings performance is a direct result of us following a disciplined strategy, adhering to sound risk management practices, maintaining a strong balance sheet; and ensuring our business mix is well diversified. By following this course, we have withstood the market shocks over the past year better than most other financial institutions around the world and we have grown our businesses.

Our diversified business portfolio is a key foundation of both our stability and our success. Let me explain how by giving you some highlights on our business segment performance.

Canadian Banking continued to underpin our results, with strong earnings over last year, reflecting solid volume growth across all businesses and effective cost management, offset to some extent by margin compression and increased provisions.

In Wealth Management, transactional volumes were lower than last year because of these market conditions. However, fee-based revenues were higher from growth in fee-based assets reflecting our PH&N acquisition and strong net mutual fund sales for most of the year.

insurance results were also reduced by investment losses and a decline in equity market values. We continued to grow our Insurance business, with premiums and deposits up 12% from a year ago.

In International Banking, our U.S. Banking business continued to be impacted by the challenging environment, resulting in higher provisions for credit losses and writedowns on our investment portfolio. However, this was partially offset by earnings from our RBTT and ANB acquisitions, and business growth in RBC Dexia.

While some of our businesses in capital markets have been impacted by the writedowns, it is significant that we earned through these losses every quarter by generating strong results in other Capital Markets businesses. In 2008, this segment generated a return on equity in excess of 20.5%, which is testament to the strength of our diversified businesses and our risk management practices.

All in all I am pleased with our performance this year. Most of our businesses, with the exception of U.S. banking which was certainly impacted by builder finance, continue to perform very well both on an absolute basis and, particularly relative to their primary competitors.

Turning to slide 6. Our capital position remained strong throughout 2008 and we ended the year with a Tier 1 capital ratio of 9%. As you know, the Canadian/US dollar exchange rate changed significantly over the fourth quarter, which did have an impact on our ratios and businesses. One of the impacts is that it increased our risk-adjusted assets and was the largest factor in decreasing our capital ratios from the third to the fourth quarter, which Janice will discuss in her remarks.

With respect to our dividend, we are maintaining our quarterly common share dividend at $0.50 in the first quarter of 2009, which we believe is prudent in this environment. Over time, our objective is to grow our dividend.

Slide 7 shows our total shareholder returns, demonstrating our long-term track record of out-performance as compared to our peers. Relative to our peers, over the three year period we ranked second with 8% annual return, and we ranked first in both five and ten year periods, generating total shareholder returns of 12% and 14% per annum, respectively.

Our diversified business portfolio, strong risk management and a solid capital position have enabled us to remain focused on our three long-term strategic goals which are outlined on slide 8. They are: in Canada, to be the undisputed leader in financial services; in the U.S., to be a leading provider of banking, wealth management and capital markets services building on and leveraging RBC's considerable capabilities and internationally, to be a premier provider of select banking, wealth management and capital markets services in markets of choice.

In Canada, our retail business made significant strides during the year to enhance our market leadership positions by making it easier for clients to do business with us. We have successfully increased market share across all Canadian Banking businesses this year, and we intend to continue to grow our market shares. Our loan book increased by 13% as a result of strong growth in residential mortgage products and the launch of new credit card offerings. Also, we grew our deposit base by 5% through the introduction of new personal and business products.

We are open for business, our volumes are growing, and we continue to focus on growing our business and market share in Canadian Banking.

In Wealth Management, acquiring PH&N on May 1st, together with our existing operations, made RBC the largest discretionary manager in Canada and the largest fund company in Canada, with a 16% market share. We continued to be the leader in the industry this year with $8.8 billion in total mutual fund net sales.

As Canada's largest investment bank and a leader in virtually every domestic ranking, we are distancing ourselves from our peers with our broad global capabilities and strong balance sheet.

Turning to the U.S., the significant challenges in the U.S. banking environment impacted our banking operations. We are working hard to strengthen our business by managing our U.S. loan portfolio, improving efficiencies and reducing expenses to ensure that we are well positioned when the environment improves. We are not happy with the current performance of our U.S. banking business and will be extremely focused in 2009 in dealing with this underperformance.

In U.S. wealth management, we continued to build scale and extend our reach. In 2008, we acquired Ferris, Baker Watts, which expanded our presence in key U.S. regions. In addition, we attracted a number of experienced financial consultants from the competition over the past year, demonstrating both the quality of our business and RBC's growing reputation in the U.S. With over 2,000 financial consultants, we are the seventh largest national investment advisory firm in the United States.

While market and economic events are negatively impacting some of our U.S. capital markets' businesses, we continue to capitalize on opportunities created by this market disruption. In addition, we are adding talent and resources that are drawn to the strength and stability of the RBC name.

Turning to our third strategic goal, closing our acquisition of RBTT in the third quarter was the most significant development that we had outside North America during the year. Combined with our existing Caribbean banking business, the acquisition made RBC the second-largest banking group in the English Caribbean, as measured by assets.

International wealth management continued to expand its footprint by opening new offices in Santiago, Chile, and in Mumbai, in conjunction with our Capital Markets businesses, and by recruiting experienced private banking professionals. Also, for the third consecutive year we were recognized by Euromoney as the number one provider of trust services in the United Kingdom.

Finally, our capital markets operations continue to build international capabilities in areas we have strength. For example, we added a leveraged finance team in London to support our European investment banking business, and we expanded the U.K.-based infrastructure financing business into Continental Europe and Australia as well as the United States.

Turning to slide 9, we look ahead with caution recognizing that the financial markets and global economies continue to face headwinds. We believe a weak global economic outlook, continued market volatility, and general uncertainty on the timing of a recovery will create a challenging environment in the short term but I would re-emphasis that we continue to see significant opportunity over the medium term.

Because of the high degree of uncertainty in the short term, we have established medium-term performance objectives, in place of annual objectives. These objectives are aligned with our three strategic goals and we believe better reflect the new realities of the business and economic environment.

Our medium-term objective is to generate earnings per share growth of 7% or more per annum.

Our focus on cost management relative to revenue growth is underlined by an operating leverage objective of above 3%.

Our return on equity objective is 18% or higher, reflecting our commitment to delivering strong returns to shareholders within the context of structural changes in the industry.

We will keep a keen eye on our capital base, maintaining a Tier 1 capital ratio of at least 8.5%.

Finally, our continuing objective is to maintain a dividend payout ratio over the medium term of between 40 and 50%.

We will continue to assess our progress on a quarterly and annual basis against these medium term objectives and benchmark our total shareholder returns with our North American peers.

Looking forward, while cautious about the environment, we are very confident in our business and committed to delivering long-term growth to our shareholders. We will remain vigilant in managing our cost structure, efficiently using our balance sheet and managing risk.

As I have said a number of times this year, we are open for business and proactively providing our clients with relevant and timely advice and the support they need during these difficult times.

I will add the dislocation in the markets continues to create opportunities for RBC to pull away from the competition or strengthen our leadership position. Across our businesses, we continue to find ways to deploy capital effectively in new products and new markets and our existing businesses.

In closing, I would like to thank our employees for their hard work, integrity and dedication. Through these remarkable times, what has struck me the most is the outstanding commitment of our employees to helping our clients around the world.

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

MORTEN FRIIS, CHIEF RISK OFFICER

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

As shown on slide 11, in the fourth quarter we had writedowns in Capital Markets, Corporate Support, and International Banking. These are covered in detail in our disclosure and totalled approximately $1 billion before-tax, or $532 million after-tax and related compensation adjustments.

Approximately half of the writedowns related to structured credit transactions in our Capital Markets segment, which I have spoken about in previous quarters. This includes $248 million of writedowns related to the structured credit transaction that we hedged with MBIA. This amount represents declines in the fair value of credit default swaps with MBIA, expected recovery rates on the underlying assets and other parameter inputs. A further $204 million related to fair value declines in subprime CDOs of ABS and other subprime RMBS. The remaining writedowns in Capital Markets totalled $153 million and related largely to our U.S. Insurance and Pension solutions and U.S. commercial mortgage-backed securities businesses. Also, as Janice will discuss in her comments, we reclassified $6.9 billion of U.S. auction rate securities and U.S. mortgage-backed securities from held-for-trading to available-for-sale (AFS).

In Corporate Support and International Banking, we had writedowns of $154 million and $244 million, respectively.

Turning to slide 12, you'll see this quarter trading had unusually high volatility reflective of the markets. This volatility led to a number of days of both trading losses and gains. Seven of the largest days of net trading losses exceeded global VaR for their respective days, 2 of which were due to month-end valuation adjustments. The remaining 10 large net trading loss days this quarter did not exceed global VaR. We also had 5 days of significant trading gains across different businesses.

Our global VaR is based on 2 years of historical data. Assuming market volatility continues, we would expect to see our global VaR trend higher as more months are incorporated into the historical data set.

Turning to credit on slides 13 to 16, we had $619 million in provisions for credit losses in the fourth quarter, up from $334 million in the third quarter. This includes a $145 million general provision this quarter, reflecting portfolio growth in Canada and weaker credit quality metrics over prior periods. The balance relates to specific provisions for credit losses, which I will discuss in more detail by geography.

I'll start with Canada. Over 77% of our loans are in Canada and credit quality remained strong in the fourth quarter in most portfolios, including residential mortgages. The increase in Canadian specific provisions as compared to the third quarter was primarily due to a few corporate accounts in our wholesale portfolio, as well as volume growth and slightly higher loss rates in our retail portfolio.

Approximately 8% of our loan book is international and consists largely of our Caribbean banking operations. In general, credit quality in the Caribbean remains stable with some signs of softening. The increase in provisions for credit losses over the third quarter largely reflects the inclusion of a full quarter of results from RBTT.

Finally, approximately 15% of our loan book is based in the U.S. where, as you know, credit quality has continued to deteriorate. Gross impaired loans and provisions for credit losses in the U.S. increased from the third quarter. I should note that part of the increase is due to the large change in the Canadian/US dollar exchange rate from the third quarter. However, we did also see credit quality deterioration.

In our U.S. banking business, the credit issues are primarily in our residential builder finance portfolio. However, our commercial and business banking portfolios are also experiencing increased impaired loans and contributing to increased PCL in the wholesale portfolio. In the retail portfolio, home equity lending and lot loans continued to weaken compared to the third quarter, also contributing to higher PCL.

In the U.S. retail portfolio, we have very little unsecured lending or credit cards and we have no subprime lending origination programs.

Lastly, in Capital Markets, we had an additional $25 million provision in our U.S. wholesale portfolio related to impaired loans extended under liquidity facilities drawn on by RBC-administered multi-seller asset-backed commercial paper conduits. These are the same loans that we took a $35 million provision against in the second quarter of this year and relate to a single security. Impaired loans extended under these facilities amounted to $203 million at the end of the fourth quarter.

Looking forward, assuming slower economic growth and higher unemployment in Canada, we would expect credit quality in Canada to weaken moderately in fiscal 2009. Based on this, we would anticipate modestly higher average provisions across consumer, business and corporate credit portfolios.

In the U.S., we expect that our U.S. Banking operations will continue to be impacted by a weak U.S. economy and the decline in the U.S. housing market. We anticipate ongoing deterioration in our residential builder portfolio, as well as in our commercial, retail and business banking portfolios.

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

JANICE FUKAKUSA, CHIEF FINANCIAL OFFICER

Slide 18 provides an overview of our quarterly performance. Net income was down 15% from Q4 2007, largely due to higher writedowns, weaker results in our equity trading businesses and higher provision for credit losses, including the increase to our general provision that Morten discussed.

These factors were partly offset by revenue growth in certain fixed income and foreign exchange businesses, the reduction of the Enron-related litigation provision and gains related to fair value adjustments on RBC debt designated as held for trading.

Non-interest expense declined 3% from a year ago largely because of the reduction of the Enron-related litigation provision.

As Gord mentioned earlier, the significant change in the Canadian/US exchange rate had impacts across our businesses. Overall, it negatively impacted our fourth quarter earnings. As a reminder, most of the areas where we took writedowns and a large portion of our provisions are from U.S. based businesses. In terms of our balance sheet, the weaker Canadian dollar accounted for approximately one third of total asset growth from the end of the third quarter to the end of the fourth quarter. And, the impact of the change in the Canadian/US dollar exchange rate was even larger for those balance sheet items that have a higher proportion of US dollar dominated assets.

Turning to Slide 19, our capital position remains strong with a Tier 1 capital ratio of 9.0%.

The Tier 1 capital ratio declined 50 bps from the third quarter primarily due to the impact of a sharply weaker Canadian dollar at quarter end on the translation of our foreign-currency denominated assets. This change in foreign exchange rates accounted for approximately two-thirds of the increase in risk-adjusted assets from the third to the fourth quarter.

As Morten mentioned earlier, effective August 1, 2008, we reclassified $6.9 billion from our held-for-trading to available-for-sale portfolios. This resulted in $478 million or $270 million after-tax being recorded as a decline in other comprehensive income, instead of net income. We believe these securities are good quality but given the significant lack of liquidity, their current market prices are well below our view of their long term recoverable value. We intend to hold these securities until their values recover.

Speaking generally about our AFS portfolio, we conduct other than temporary impairment testing on our AFS portfolio to determine whether impairments in value are expected to recover. Our AFS securities remain quality assets and unrealized losses are viewed as temporary in nature. We intend to hold these assets and fully expect these assets to recover in value.

I'll now review the quarterly performance of our five business segments and Corporate Support.

Turning to slide 20, Canadian Banking net income was down 15% from Q4 2007, and 5% over the third quarter. Excluding the Visa gain and the adjustment to our credit card loyalty reward liability in Q4 2007, net income grew 11% from Q4 2007 on strong volume growth and effective cost management. Earnings decreased from last quarter largely due to spread compression and lower mutual fund distribution fees, offset by solid volume growth.

On slide 21 you will see our retail net interest margin decreased over the year and the quarter. The decline over the previous year largely reflects the impact of sharply lower interest rates as well as our client's continued preference for lower-spread products such as home equity lending and high interest savings accounts. The change from the previous quarter reflects narrower spreads between Prime and funding costs in the fourth quarter. Competitive pressures also continue to impact margins.

Looking at Wealth Management on Slide 23, net income was down $64 million or 36% from Q4 2007. Results this quarter were reduced by the combined impact of a provision related to the Reserve Primary Fund and a charge related to the auction rate securities settlement which are fully described in our 2008 Annual Report.

We also had lower transactional revenue in our brokerage businesses due to uncertainty in global financial markets. These factors were partially offset by the earnings from PH&N's private counsel and asset management businesses, which we acquired on May 1st.

Non-interest expense grew 18% from Q4 2007 primarily reflecting increased costs in support of business growth, including acquisition-related costs, depreciation of the Canadian dollar relative to the US dollar, and the provision for the Reserve Primary Fund and ARS settlement, I mentioned before.

Moving on to Insurance on slide 25, earnings over Q4 2007 and Q3 2008 were reduced mainly due to the $110 million or $80 million after-tax impact of losses related to the sale and impairment of securities, as well as impacts from equity market movements. These factors were partially offset by strong growth in our reinsurance business and higher favourable net actuarial adjustments.

Let me go into some more detail on the losses - we had losses from the sale of bonds and impairments on preferred shares and bonds of certain financial institutions. Similar to other Life insurance companies, our earnings were also impacted by declines in equity values held to support our actuarial liabilities and universal life policy funds. These largely represent non cash charges on long dated policyholder obligations. The decline in equity values was caused by significant market volatility and should markets improve, we would report gains in respect of these obligations. Unlike some Life insurance companies, we have minimal exposure to products with embedded investment related guarantees such as segregated funds and certain types of annuities.

Turning to International Banking on slide 27, earnings were down over Q4 2007. The decline, predominately in our U.S. banking business, was mainly attributable to writedowns and losses on our investment portfolios of $244 million, or $168 million after-tax, and higher provision for credit losses which Morten highlighted earlier. These factors were partially offset by earnings from our RBTT and ANB acquisitions.

Non-interest expense increased over the fourth quarter of 2007 mainly due to costs in support of business growth, including acquisition-related integration costs.

Turning to Capital Markets on slide 29. Earnings were up over the fourth quarter of last year reflecting stronger performance in certain fixed income and foreign exchange businesses, the reduction of the Enron-related litigation provision, and higher gains on credit derivatives contracts used to hedge our corporate loan book. Offsetting these factors were weaker results in origination and equity trading, a higher effective tax rate and significantly higher writedowns.

Non-interest expense was down significantly, mainly due to the reduction of the Enron-related litigation provision.

On slide 31 you'll see a breakdown of RBC's total trading revenue. Certain fixed income and foreign exchange businesses benefited in the quarter from the market volatility and interest rate environment, while equity trading revenue declined.

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