

Laurentian Bank Quarterly Results Conference Call

Thursday, February 26, 2015 – 2:00 PM ET

CORPORATE PARTICIPANTS

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Vice President, Public Affairs, Communications and Investor Relations, Laurentian Bank

PRESENTATION

Operator

Welcome to the Laurentian Bank conference call. Please note that this call is being recorded.

I would now like to turn the meeting over to Ms. Gladys Caron.

Please go ahead, Ms. Caron.

Gladys Caron, Vice President, Public Affairs, Communications and Investor Relations

Thank you, and good afternoon everyone.

Our press release was issued today on Canada Newswire and is posted on our Web site. This afternoon's overview of our results for the first quarter will be provided by our President and CEO, Réjean Robitaille and our CFO, Michel C. Lauzon.

Other members of our senior management team are also present on this call to answer any questions. You will find their names and titles on Slide 17 of the presentation available on our Website. Réjean Robitaille and Michel Lauzon will refer to that presentation throughout their speeches.

During this conference call, forward-looking statements may be made, and it is possible that actual results may differ materially from those projected in such statements. For the complete cautionary note regarding forward-looking statements, please refer to our press release or to Slide 2 of the presentation.

I will now turn the floor over to Réjean Robitaille.

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

Thank you, Gladys. Good afternoon ladies and gentlemen.

We have released this morning our results for the first quarter of 2015. Our expenses continue to be well contained, while our credit quality remains very solid and continues to stand apart among Canadian Banks.

Thus, thanks to these elements and strong growth in our commercial portfolios, our adjusted net income for Q1-2015 reached \$40.5 million, or \$1.32 diluted per share. While we are pleased with most of our results, total revenue was under pressure, as the Bank of Canada's decision to reduce interest rates impacted negatively our earnings per share by 4 cents, on a temporary basis.

Our strategies aimed at increasing our loans are bearing fruit. The growth of our loans is notably attributable to the sustained pace at which our commercial activities continue to evolve and to increasingly contribute to the profitability of our operations. Our commercial loan volumes increased by 20% over the last twelve months, while commercial mortgage loans grew by 16%, excluding a loan sale last year. These activities hold great promise for the Bank given notably the continued strong credit quality of its portfolio.

B2B Bank's strategy of expanding its presence in the mortgage loan market is also proving to be successful. This positive performance has become evident only a few quarters after the resumption of our business development activities within the sector. In effect, mortgage loans grew by 8% year-over-year, testifying to the effectiveness of B2B Bank's sustained efforts to position itself as a choice strategic partner for mortgage brokers, thanks to its

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product line that is among the most comprehensive on the market.

In addition, our focus on other income continues as revenue from credit cards, insurance and mutual funds was up 12% year-over-year.

Thanks to our disciplined cost control, we also succeeded in improving our adjusted efficiency ratio, which dropped by 40 basis points compared to last year. Our adjusted operating leverage is also positive, year over year.

Consequently, the Bank remains in line to achieve its financial objectives for the year. Disciplined management of expenses and focus on materializing revenue opportunities should contribute to further improve efficiency and increase revenue.

I will now call upon Michel to review our financial results in more details.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Thank you Réjean.

I am now pleased to provide you with further details on our results for the first quarter of 2015. Firstly, it is important to explain that the Bank's reported results for the quarter include adjusting items related, on one hand, to the amortization of the net premium on purchased financial instruments stemming from the acquisition of AGF Trust, and, on the other hand, to a charge related to the announced retirement of our President and CEO on November 1st 2015.

Consequently, as presented on slide 6, net income for Q1-2015 totalled \$35.8 million, or \$1.15 per share, while adjusted net income reached \$40.5 million, or \$1.32 per share. Year over year, adjusted net income increased by 3%, and earnings per share, by 2%. Adjusted ROE for the quarter stood at 11.3%, while the adjusted efficiency ratio improved by 40 basis points, to 71.4%, compared to last year.

As shown on page 7, net interest income for Q1-2015 decreased by 1% compared to last year, to \$139.5 million. The decrease was mainly due to the compression stemming from the attrition in the higher-yielding investment loan portfolios over the past twelve months.

We also revised our net interest margin measure. In order to provide a more relevant indicator, we will henceforth present our net interest margin based on average earning assets, which will exclude securities purchased under reverse repurchase agreements, no longer netted under IAS32, as well as other earning assets of the Laurentian Bank Securities and Capital Markets' business segment, not impacting Net interest income.

On this new basis, net interest margin for the first quarter of 2015 stood at 1.83%, compared to 1.86% in Q1-2014 and to 1.84% last quarter. The 1 basis point decrease from Q4-2014 to Q1-2015 is explained by seasonally lower residential mortgage prepayment penalties. Compared to last year, the decrease is a result of a less favourable mix in personal lending and lower yields on mortgages.

Other income rose by 5% year over year in Q1-2015. Contributing to this increase, income from financial markets and treasury improved by 48%, despite the fact that they were negatively impacted by a timing effect of the Bank of Canada's decision to reduce interest rates. In fact, the revaluation of certain derivatives used in hedging activities caused a temporary \$1.3 million loss in other income as a result of the sudden decline in short term rates. Also contributing to the increase, income from sales of mutual funds, card services and insurance increased by 12%. These increases were partly offset by lower income from deposit service charges. It is also important to recall that, in Q1-2014, we had benefitted from higher commercial loan prepayment penalties amounting to \$1.8 million.

As shown on page 8, credit quality remained stable in the quarter, with loan losses of \$10.5 million, reflecting the strength of the underlying portfolios. Loan losses in personal loans increased by \$1.1 million, from the very low levels of Q1-2014, while loan losses on residential mortgage loans also increased in the quarter, compared to last year. Provisions for the commercial mortgage and commercial loan portfolios decreased from last year, resulting from favorable settlements and improvements during the first quarter of 2015.

Gross impaired loans increased to \$125.8 million, from \$102.1 million at the beginning of the year,

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due to 2 projects with one client in the commercial mortgage loan portfolio, which should not have a negative impact going forward.

We view the underlying quality of the portfolios as strong, as evidenced on slide 9. The Bank's ratio of loan losses as a percentage of average loans and BA's continues to stand out amongst the major Canadian banks.

Turning to non-interest expenses, we have continued to maintain our discipline in managing our expenses during the quarter. Consequently, as shown on slide 10, adjusted non-interest expenses were essentially unchanged year-over-year, and stood at \$155.8 million in Q1-2015. The adjusted efficiency ratio improved from 71.8% in Q1-2014 to 71.4% in the quarter. The improvement when compared to last year reflects the full impact of integration synergies at B2B Bank, further adjustments to the Retail and corporate activities cost base, announced last quarter, and rigorous cost control in all operating areas.

Moreover, in line with our 2015 financial objectives, and despite on-going pressure on net interest income from the very low interest rate environment, adjusted operating leverage for the quarter, while sequentially negative because of unfavorable seasonality, was positive year-over-year, at 0.5%.

We will now turn to the performance of our business segments.

Slide 11 shows the strong performance of the Personal & Commercial business segment. Its contribution to adjusted net income was \$30.7 million for Q1-2015, an increase of 9% compared to a year earlier. Solid organic growth in the Business Services portfolios as well as increased revenues from mutual funds and card services, namely, contributed to the increase in net income. The net interest margin on average earning assets increased by 1 basis point, to 2.19%. Loan losses decreased by \$1.1 million, to \$9.2 million. Non-interest expenses increased by \$3 million or 3%. Higher technology costs and increased staffing levels in the Business Services group, as we continue to invest in business development in this area, contributed to the increase.

As shown on Slide 12, B2B Bank's contribution to adjusted net income was \$13.5 million for Q1-

2015, compared with \$17.2 million for the same quarter in 2014, mainly due to lower net interest income. This decrease mainly stems from a reduction in brokered deposit volumes, as a consequence of the Bank's decision to further take advantage of lower institutional funding costs through its treasury unit, as well as from the on-going attrition of high-margin investment loans. . However, average earning assets are up \$21M quarter-over-quarter as accelerating mortgage growth, at a pace of 8% year over year, and stronger gross sales of investment loans are already pointing towards a change in the loan revenue trend in upcoming quarters.

The provision for loan losses increased to \$1.3 million, from the very low level of \$0.2 million in Q1-2014. Adjusted non-interest expenses decreased by 2%, essentially due to lower salary costs as expense synergies from the now completed integrations of acquired companies were partly offset by higher sales and support staffing levels in light of the current busy RSP season.

As shown on Slide 13, Laurentian Bank Securities & Capital Markets' contribution to net income increased slightly year over year to \$2.4 million in the quarter. Total revenue increased to \$17.2 million mainly as a result of higher underwriting fees in the fixed-income market and higher trading revenues, while non-interest expenses rose by \$0.8 million due to higher performance-based compensation, commissions and transaction fees.

The Other sector generated a net loss of \$9.7 million and an adjusted net loss of \$6.1 million, compared with a net loss, both reported and adjusted, of \$8.4 million in Q1-2014. While net interest income was relatively unchanged in the quarter compared to last year, as better funding costs were offset by higher liquidity carrying charges, other income increased to \$2.9 million, mainly due to higher net security gains and income from trading activities, net of the previously mentioned \$1.3 million derivative price adjustment. This negative impact should be offset in the subsequent quarters of 2015, barring any further movement by the Bank of Canada.

Our capital ratios remain at a comfortable level, with the CET 1 ratio now at 7.8%, compared to 7.6% in Q1-2014.

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This concludes my comments. Now Réjean will offer some closing remarks.

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

Thank you Michel.

While we know that the foundations of the Bank are more solid than ever, the challenging economic environment in which we are operating obliges us to stay vigilant. Revenue growth will continue to be key in our development, but at the same time, the Bank will maintain its focus on prudent management.

Laurentian Bank enjoys the benefits of competitive advantages within niche markets where we are present — and that enables us to continue to expand our activities and increase our profitability.

Consequently, in line with the medium-term objectives we announced at the end of last year, we will continue to concentrate on growing our Business Services sector. Our target is to double the volume of our business portfolios to \$10 billion in 2018, with \$1 billion coming from equipment financing. These activities definitely constitute a major asset within our strategy.

Within B2B Bank, mortgage lending is our greatest priority— particularly with our new line of alternative products. Globally, we are aiming at doubling B2B Bank's mortgage loans to \$8 billion in the next 5 years. On the investment loan side, portfolios are still impacted by deleveraging among investors. Nevertheless, gross sales have started to accelerate a few months ago.

As these activities are pan-Canadian, our growth will unfold across the country. Consequently, we will continue to build the geographic diversification of our loans and profitability. In addition, our balance sheet is strong and very diversified, both on the asset and the liability side. Combined with our disciplined management and growth strategies, this has allowed us to reward our shareholders on a sustained basis, with a dividend increasing at a higher pace, amongst the industry leaders, over the last five years.

I have announced, a few weeks ago, that I will retire at the end of this fiscal year. I thought that this was an appropriate time for handing the reins to someone else, who will continue to build on the solid foundations that are now in place, and bring the Bank to another stage of its development. I am very proud of what we have accomplished and I strongly believe that this is only a beginning.

Today, we have announced that François Desjardins was appointed as Chief Operating Officer. Consequently, he is designated as the future CEO. I am really pleased with this decision of the Board. François is a great leader, a highly energetic and capable individual, who has demonstrated a strong leadership in each position he held at the Bank.

I am convinced that François will continue to build on the Bank's strengths in order to make of it an increasingly performing bank.

Laurentian Bank is a unique bank, and there is more than one way to be a successful bank, which we have proven over the years and will continue to demonstrate in the future.

Thank you, and I'll now turn things over to Gladys.

Gladys Caron, Vice President, Public Affairs, Communications and Investor Relations

Thank you, Réjean.

At this point, I would like to turn the call over to the conference operator for the question-and-answer session.

Thank you all for joining us today. If you have any further questions, do not hesitate to contact us.

Our phone numbers are listed on the presentation. Thank you.

QUESTION & ANSWER SESSION

Operator

Thank you. Ladies and gentlemen if you'd like to ask a question, please press star one on your touch-tone phone. If you're using a speakerphone, please pick up the handset before pressing any keys.

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Once again if you'd like to ask a question, please press star one. One moment please for your first question.

And your first question comes from the line of Meny Grauman of Cormark Securities. Please go ahead.

Meny Grauman of Cormark Securities

Hi, good afternoon. Question is just on the impact from the Bank of Canada - a rate cut – you mentioned the four cents. So that's really related to the derivatives impact that you're talking about?

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

I'll ask (Michel) to answer this question Meny.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Thank you for the question Meny. Yes, that's exactly it. We have a portfolio of derivatives which hedge our securitization activities and we're paying floating rates and before that floating rate leg has been re-priced -- the Bank of Canada rate cut hit - and so we had to revalue those derivatives down and the net impact was 1.3 million in other income. We expect that impact to fully reverse in Q2 as the floating leg gets re-priced.

Meny Grauman of Cormark Securities

And so is it correct to assume that the Bank of Canada rate could happen late in the quarter that this impact is not related to timing? If the Bank of Canada would have cut rates earlier in the quarter, would the impact potentially have been different?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Exactly. It's just a timing impact as to when the rate cut occurred versus when that floating rate leg gets re-priced.

Meny Grauman of Cormark Securities

And how are we supposed to think about the future? If the Bank of Canada cuts rates again then what would sort of the moving parts be in terms of potential impact for you?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Well as you know, there will be an impact - could be an impact on NIM. However we expect - depending on what happens to the prime rate simultaneously as has happened with the most recent rate decline - the impact is expected to be neutral on interest income. And then it depends on timing issue between quarters as to when the rate cut occurs. If it occurs early in a quarter, the impact could be neutral for the quarter. If it happens later in the quarter, there could be a timing impact as it overlaps between one quarter and the next.

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

But overall when we looked at the year as a whole, that impact should be relatively neutral.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Okay, thank you very much.

Operator

Your next question will come from the line of Shubha Khan of National Bank Financial. Please go ahead.

Shubha Khan of National Bank Financial

Thanks. Good afternoon. I'm hoping to get a better sense of what happened to NIM this quarter. So you referenced a lower prepayment penalty income in two consecutive quarters now. It looks particularly pronounced in Q1. I think with the average loan yield is down - what - seven basis points.

And I'm wondering, you know, aside from other or from lower prepayment penalties was there also material impact from say the competitive pricing environment and or the continued attrition of the investment loan portfolio?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Thanks for the question, Shubha. The main impact was from mortgage prepayment penalties. Given the

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size of our mortgage book, there is significant seasonality in when prepayments are collected, with Q2 and Q3 being elevated and Q4 and Q1 being relatively depressed - the low point usually being Q1 because of the winter months.

That is between Q4 and Q1 that you saw the one basis point drop. There are other moving parts of course. Yes, the pricing environment is competitive. There's still pressure on deposits but those are being offset by a better loan mix right now on the commercial side while we're still feeling some impact from the attritional higher yielding investment loans.

So all of these moving parts mean that we expect NIM to remain relatively stable around where it is, barring any further changes in interest rates but within a band of two or three basis points depending on the seasonality in mortgage prepayments.

Shubha Khan of National Bank Financial

Okay, got it. And then the other question I had was on lending fees which moderated again quite substantially in the quarter - relatively Q3 that is.

So if I recall correctly in the last conference call Rejean mentioned that higher lending fees could be considered sustainable because of your increased focus on - what is it - business services in Q4.

However you saw lower prepayment penalties again in commercial mortgages. So would you say that the Q3 number was a little bit of a - was a little bit on the high side and Q4 perhaps a little low so the run rate is somewhere in between or how should we think about that?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

This is Michel. Yes, the Q3 was a bit elevated because of those prepayments on the commercial mortgage book however the growth in our commercial - in the business services group is pointing towards higher lending fees overall as a long term trend. Q4 was a bit low this quarter - a bit better - so we feel the overall long term trend should be up.

Shubha Khan of National Bank Financial

Okay, got it. That's all my questions. Thanks.

Operator

Your next question will come from the line of Sohrab Movahedi of BMO Capital Markets. Please go ahead.

Sohrab Movahedi of BMO Capital Market

Thank you. Michel just maybe a quick one. This four cent impact - how did it impact the NIX ratio?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

As I did mention in our speech, the NIX ratio is impacted by seasonality and it did impact this quarter because of the timing nature of when it occurred. So the expenses are usually up a bit in Q1 because of salary increase and so forth, as we're ramping up staffing levels for the RSP campaign. At the same time mortgage prepayments are lower so it depresses net interest income in a little bit.

In this case the 1.3 million impact from the fair value hedge reevaluation is a temporary item and but it did not help the NIX ratio in the quarter and as I said, it should reverse out in Q2.

Sohrab Movahedi of BMO Capital Market

Okay, with that said, that's perfect. Thank you very much.

Operator

Your next question will come from the line of Sumit Malhotra of Scotia Capital. Please go ahead.

Sumit Malhotra of Scotia Capital

Thank you. Good afternoon. First question is a small one and it relates to taxes. Last quarter in providing your 2015 objectives you made mention of a tax headwind. I think it was in the neighborhood of eight cents a share on a full year basis of the banquet face yet at least by my math on your adjusted number, the tax rate actually seemed to be a bit lower this time around.

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Can you just educate me on as to what's going on the tax side?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Yes. Hi, Sumit. The eight cent impact that we mentioned on the last call is on payroll taxes and also would show up in the staff costs belongings so those would be an expense that affects the NIX ratio.

The effective tax rate in the quarter is effectively a bit below our long term target - the guidance that we've been given simply because our domestic taxable income is a bit lower compared to the tax advantaged income we would have from securities and other operations which would have a lower tax rate. So all in all we have a slightly favorable mix in taxes in this quarter but longer term the 22 to 25 guidance that we usually have is probably where we should be.

Sumit Malhotra of Scotia Capital

Yes, thanks for that. I wasn't sure if that - if that payroll tax was through the tax line or through the comp line and...

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

It's in the comp line.

Sumit Malhotra of Scotia Capital

And that brings us to the next one because compared to the trend that you've shown as of late, the comp was a bit higher. You mentioned a couple of things. We've gotten used to seeing the increase in especially the salaries line to begin the new year and you mentioned the seasonal uptick for the RSP season.

Is that something as far as the employee base is concerned that we should see it revert post the end of the RSP period or was the increase in the quarter something that suggests that the integration efforts have come to a close?

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

It should revert back after the end of the second quarter once RSP season is over.

Sumit Malhotra of Scotia Capital

Let me switch over to credit quality. You went over a couple of things as far as the increase in gross impaired loans is concerned and I may have missed some of it so it would be helpful if you could just kind of spell out what drove the increase in commercial mortgage impairments. And I'm specifically interested in that answer because you have shown - at least on a percentage basis - very strong growth in not only the core commercial book but also the commercial mortgages as well.

So maybe a little bit of flavor on what drove the increase and why specifically your growth in commercial mortgages has been as strong as you've posted in the last few quarters.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Okay, I'll ask Louis the head of our credit department to answer this question.

Louis Marquis, Senior Vice-president Credit, Laurentian Bank

The increase in the impairment is really related to one borrower to construction projects - the borrower has run into trouble in his file. We're working through these projects and some of it should be resolved in the next two quarters. It might take longer.

We believe we're adding the latest testing reserve to our collective provisioning and we determined that a negative impact going forward from these is not only just a matter of working through them and it's not symptomatic of any deterioration anywhere. It's just one time - one time issue, one borrower.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Well as for the second part of your question - Sumit yes, it's part of our strategy to continue to increase our business services activities and you've seen well of course 20% of growth year over year in that portfolio but at the same time it's very important to

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notice that we haven't changed our credit underwriting criteria. In fact I would say that in some areas we have tied in that.

So we are feeling very comfortable that the kind of growth that we have in that portfolio is very solid and that the credit quality of those new, you know, deals and, you know, portfolios are quite positive.

Sumit Malhotra of Scotia Capital

Last one and maybe I'll direct it to you Rejean. It's more of a credit question. So with the uptick in impairments this quarter and what ended up being a net reserve release as charge offs were more than provisioned - your allowance was down around, or your coverage ratio was down around 92%.

As the mix of the bank's loan portfolio begins to shift, you certainly communicated that you expect and you want the commercial book to grow faster than we see in consumer. Is it reasonable to expect that the banks aggregate provisioning is going to have to increase at a faster clip as well just to account for the fact that you elected a larger coverage base to, you know, now that the resident mortgages are going to be a smaller part of the book. I don't know if I'm explaining it that well but hopefully you get a sense of what I'm trying to say.

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

Not necessarily. In fact and what we've seen so far - as I said we are very prudent in every aspect of the credit underwriting criteria. That said on short term basis - I would say that we are quite comfortable with the level of loan losses at 15 beeps. We could see this indicator going into high teens, everything being equal. With the current economy, we do not expect that in the coming quarters.

And one point that I mentioned in the previous conference call - we do not have any impact on oil and gas exposure. We don't have any exposure on that so part of this also will continue to make sure that we will benefit from a very strong credit quality that would be very positively - very positive comparing to our peers in Canada.

Sumit Malhotra of Scotia Capital

Alright, thank you. Thank you for the response and congratulations to both yourself and Francois.

Réjean Robitaille, President and Chief Executive Officer, Laurentian Bank

Thank you, Sumit.

Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, Laurentian Bank

Thank you, Sumit.

Scott Chan of Canaccord Genuity

Oh, good afternoon guys. My first question just relates to the mutual fund growth that was up 24% year over year.

Is that more just matching industry growth or is there something specific that's driving the pretty strong growth on that platform?

François Desjardins, President and Chief Executive Officer, B2B Bank; Executive Vice-President, Laurentian Bank

The growth estimate actually better than industry over the past little while. We've been really putting efforts on our credit card sales, insurance and mutual funds and we've been getting some really good results from it.

Scott Chan of Canaccord Genuity

Okay and Francois just on the RRSP season. It's I guess nearing an end very soon. How does it feel this year versus last year in terms of mutual fund sales?

François Desjardins, President and Chief Executive Officer, B2B Bank; Executive Vice-President, Laurentian Bank

Slightly better this year than last year.

Scott Chan of Canaccord Genuity

Slightly better this year than last year, okay. And maybe to turn it over to B2B Bank, can you remind me - the high margin investment loans that are kind of coming off and affecting NII.

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Is that going to be a - is that going to be continual headwind for that segment?

François Desjardins, President and Chief Executive Officer, B2B Bank; Executive Vice-President, Laurentian Bank

Well what we're seeing is actually a slowdown in that negative growth. As a reminder, I've spoken about through the integrations that the portfolio was seeing some deterioration as continued. But what we're seeing lately is some really good growth sales in the investment loan portfolio and that's a really positive sign.

We've also been seeing some extraordinary sales on our mortgage book side, especially on our Alt-A portfolio. So we're excited about seeing some early signs that 2015 might be an inflexion point in terms of the revenue base and looking forward to some better revenues in the future.

Scott Chan of Canaccord Genuity

Okay, thanks a lot for the color. Thanks guys.

François Desjardins, President and Chief Executive Officer, B2B Bank; Executive Vice-President, Laurentian Bank

You're welcome. Thank you.

Operator

And we have no further questions at this time. I'd like to hand it back over to Mrs. Caron for closing remarks.

Gladys Caron, Vice President, Public Affairs, Communications and Investor Relations

Thank you all for joining us today. If you have any further questions, ((inaudible)) numbers are listed on the first page. Thank you.

Operator

Ladies and gentlemen this concludes the conference call for today. We thank you for your participation; you may now disconnect your line and have a great day.