LAURENTIAN BANK

CONFERENCE CALL TRANSCRIPT
FIRST QUARTER 2009
MARCH 4, 2009

GLADYS CARON SECTION

Merci. Bienvenue. 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 first quarter 2009 results will be provided by our President and CEO, Réjean Robitaille, as well as by 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 20 of the presentation available on our Web site. 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 SECTION

Thank you Gladys. Good afternoon ladies and gentlemen.

The Bank has reported another good quarter, despite challenging market conditions. As shown on Slide 3 of our PowerPoint presentation, for the first quarter of 2009, net income reached $25 million or $0.91 diluted per common share. This represents a 31% increase in net income on a GAAP basis compared to the first quarter of 2008. While there were no significant items recorded in the first quarter of 2009, there was a $5.6 million unfavorable tax adjustment in the first quarter of 2008. Excluding this item, net income rose 1% and earnings per share remained unchanged at $0.91. We are very pleased with the solid loan and deposit growth that the Bank experienced. A high level of securitization revenue, along with tight expense control, also benefited first quarter results. However, the slowing economy has translated into higher loan losses. As well, with rapidly declining interest rates, a competitive landscape for deposits and our decision to prudently increase the level of liquidity, we experienced further margin compression. That being said, the Bank is being proactive. Management has undertaken various initiatives, such as reviewing the pricing of loan portfolios, tightening cost control and further growing selected loan portfolios.

Slide 4 shows how the Bank is tracking with regard to the 2009 financial objectives established at the beginning of the year. Return on common shareholders' equity, revenue growth, efficiency ratio and Tier 1 capital ratio met the 2009 performance goals. It should be noted that not only are our capital ratios strong, but they are also of the highest quality, largely composed of tangible common equity. For this reason, we do not see the need to issue more capital at this point.

The growth of loan and deposit volumes was one of the highlights of the Bank's first quarter. As shown on slide 5, total loans and BAs rose by 7% and total deposits by 10% over the last 12 months. Of the $1.4 billion increase in deposits, $1.2 billion came from retail deposit sources of which $250 million was generated from B2B's new High Interest Investment Account in the last quarter. This reaffirms B2B Trust's leadership position within the financial intermediary community. Excluding securitization activities, which allow the Bank to fund its residential mortgage loan growth through the Canada Mortgage Bond program, total loans and BAs were up by a very strong 10%. This loan and deposit growth reflects the effectiveness of our distribution network as well as our ability to seize business opportunities, and shows our commitment to support the financial needs of our clients.

While the economic environment remains a source of concern, we are convinced that conservative risk management, high liquidity levels and strong capital ratios is the right approach to successfully navigate through these challenging times. Furthermore, our solid balance sheet should allow us to take advantage of growth opportunities that may arise in the Canadian market.

I will now call upon Michel to provide you with a more in depth analysis of our financial performance.

MICHEL LAUZON SECTION

Thank you Réjean.

Financial highlights of the first three months of 2009 can be found on Slide 6. We were pleased that total revenue increased by 4% year over year while non-interest expenses grew by only 2%, resulting in improved operating leverage. Drilling deeper into the results, I will discuss the main drivers of the Bank's first quarter 2009 performance.

Firstly, net interest income of $98.7 million in the first quarter of 2009, decreased slightly from $99.5 million in the first quarter of 2008. The increase in loan and deposit volumes was offset by narrowing interest margins, which are highlighted on Slide 7. While the sharp rise in retail deposit volumes during the quarter has significantly increased liquidity, the continued intense competition has affected pricing and margins. As well, the net interest income earned on the reinvestment of these funds was reduced by the radically lower interest rate environment.

At the end of January, liquidity levels stood at $4.5 billion. This is more than $200 million higher than at year-end 2008 and $1 billion higher than at year-end

2007. We believe that this strategy is not only prudent, but also provides flexibility to support growth initiatives even though it penalizes margins in the short run. We are also executing numerous strategies to offset the impact of this low interest rate environment, including reviewing our loan pricing.

Secondly, other income of $57.8 million in the first quarter of 2009 rose by $6.3 million or 12% from the first quarter of 2008. Revenues from overall securitization activities contributed to this improvement, increasing by $5.2 million to $10.5 million. During the quarter, the Bank securitized $312 million of residential mortgages. Also contributing to the improvement in other income was a $2.0 million increase in fees and commissions on loans and deposits, higher income from brokerage operations and higher credit insurance income. These increases were partially offset by lower income from treasury and financial market operations, including losses of approximately $2.0 million resulting from the timely disposal of securities.

Thirdly, as highlighted on Slide 8, the provision for loan losses increased to $12.0 million in the first quarter of 2009 from $10.5 million in fourth quarter 2008 and $9.5 million in first quarter 2008. Credit conditions in the quarter have deteriorated, impacting segments of the consumer loan portfolio including Point-of-sale financing, Visa cards and Unsecured lines of credit. Slide 9, shows that net impaired loans stood at $13 million at January 31, 2009 compared to -$11 million at October 31, 2008. Gross impaired loans totaled $125 million compared to $102 million. Three loans accounted for $20.9 million or 92% of this increase. Excluding these, there has been only a modest deterioration in impaired loans, mainly in Point-of-sale financing.

As presented on Slide 10, the efficiency ratio continues its improving trend. For the first quarter 2009, it was 70.7%, equal to the 2008 level and better than the 71.9% recorded a year earlier. Tight control over expenses helped to limit the year over year increase in non interest expenses to 2%.

Now let's have a look at the performance of our business segments on Slide 11. Most segments improved their results in the first quarter of 2009 versus the same quarter last year, both in terms of revenue and net income.

Slide 12 shows that total revenue in Retail and Small and Medium-sized Enterprises Quebec rose by $4.4 million or 4% over the same quarter last year, reaching $104.8 million. This increase was mainly a result of higher loan and deposit volumes. Loan losses rose to $9.5 million in the first quarter of 2009 from $7.8 million a year earlier, mainly due to increases in the consumer lending portfolios as discussed previously. Salaries and employee benefits were mainly responsible for a 2.3% or $1.8 million increase in non-interest expense. Earning a total of $10.2 million, this segment accounted for 37% of the Bank's overall profitability in the quarter.

As shown on Slide 13, total revenue of the Real Estate & Commercial segment rose by $2.0 million to $19.1 million. This increase was a result of growth in loan volumes positively impacting net interest income. Loan losses were higher by $0.2 million, reaching $1.7 million in the first quarter of 2009 and non-interest expenses increased by $0.4 million to $5.9 million. With $7.9 million in net earnings, this segment accounted for 29% of the Bank's overall profitability this quarter.

The next slide shows that B2B's net income totalled $8.1 million in the first quarter of 2009 compared with $9.4 million a year earlier. Revenues decreased by $1.2 million to $23.5 million with net interest income falling by $0.9 million as good volume growth did not fully compensate for margin compression. B2B Trust has been affected, over the past 3 quarters, by the reduced margins on personal term deposits in a very competitive environment. Even though the expansion of indirect retail deposit gathering efforts has affected B2B`s profitability to some extent, it has helped enhance the Bank's liquidity and strengthened its overall balance sheet. B2B Trust's deposit growth year-over-year outpaced its loan growth due, in part, to the success of its High Interest Investment Account which totaled over $250 million at quarter end. B2B's deposit base now exceeds its loan portfolio by close to $2.3 billion. These deposits also contributed to the overall funding of the Bank. Loan losses in the first quarter of 2009 remained relatively low at $811,000. This segment accounted for 30% of the Bank's total earnings.

To foster a better understanding, especially given the queries regarding B2B's investment loans during last quarter's conference call, I would like to spend a few minutes discussing why we continue to be comfortable with this portfolio. As outlined on Slide 15, we have more than 12 years of experience with investment loans and have managed this portfolio through different economic cycles. All of our investment loans are fully underwritten, just as personal loans are. They should therefore not be confused with broker margin accounts. Our underwriting process is rigorous, including a minimum personal net worth requirement that increases with the amount of the loan and a minimum debt service capacity. The majority of new business is 100% loan financing. We credit score each application where the main underwriting criteria is the clients` overall credit quality and repayment ability. Moreover, all loans are credit scored on a quarterly basis which allows us to better monitor and anticipate deterioration. In the event of deterioration, these loans may be converted to other loan types or repayment may be required. Given current market conditions, we are taking appropriate action to mitigate risk. However, to date, all credit metrics, including impaired loans, delinquencies and loan losses, indicate that the investment loan portfolio quality remains strong.

On Slide 16, we have presented the provision for investment loan losses for B2B Trust as well as the ratio of gross impaired loans to investment loans. Given the dramatic declines experienced in capital markets globally, it was expected that some deterioration would occur. Loan loss provision in the first quarter of 2009 did increase to $265,000 compared to a recovery of $11,000 a year earlier. This level of provisioning reflects the good credit worthiness of the borrowers. Similarly, gross impaired loans as a percentage of investment loans of only 5 basis points is further evidence of the high quality of these assets.

As can be seen from Slide 17, the net income contribution of Laurentian Bank Securities doubled to $1.0 million in the first quarter of 2009. Very good performance in the Institutional Fixed Income division offset the reduced activity in other areas. LBS continued its solid progression in the league tables for both equity and debt underwritings. The $0.6 million increase in non-interest expense to $8.2 million in the first quarter of 2009 was primarily due to higher variable compensation costs.

The Other sector, presented on Slide 18, posted a negative contribution to net income of $2.2 million in the first quarter of 2009, compared with a negative contribution of $6.6 million a year earlier, when an unfavorable tax adjustment of $5.6 million impacted earnings. In first quarter 2009, the higher level of liquid assets maintained on the balance sheet and the overall impact of a low interest rate environment resulted in negative net interest income of $13.7 million compared to negative interest income of $9.8 million in the first quarter of 2008. Furthermore, other income for the first quarter of 2009 of $13.2 million, compared to $10.4 million a year earlier, included the gains related to securitization.

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

RÉJEAN ROBITAILLE SECTION

Thank you, Michel.

In conclusion, we are off to a good start with our first quarter results. Our solid financial situation, combined with our focus and strategies implemented over the past few years, will allow us to manage the challenges ahead.

Furthermore, management is implementing various initiatives to mitigate the impact of margin compression and the slowing economic environment. We will continue to selectively pursue growth in loan volumes with a prudent risk management approach. High levels of liquidity will be maintained as a prudent measure and in order to take advantage of growth opportunities. Strategies to improve loan pricing are being implemented and we will maintain good cost control while continuing to invest in business development.

I will now turn the floor back to Gladys.

GLADYS CARON SECTION

At this point, I would like to turn the call over to the conference operator for the question-and-answer session. Please feel free to ask your questions in English or in French.

OPERATOR: Thank you, merci.

QUESTION PERIOD

Pour poser votre question, appuyer sur étoile un. Si vous désirez annuler votre question, appuyer sur le dièse. If you wish to ask a question, please press star-one on your telephones. To cancel your question, please press the pound key.

Veuillez maintenant procéder You may now proceed.

Notre première question, our first question is a John Aiken, the Dundee Capital Markets. À vous la parole. Please go ahead.

JOHN AIKEN: Good afternoon. Michel, in terms of the impaired loan formations in the quarter, I understand from your comments as well as in the press release that a handful of loans represent the bulk of the increase. But what we've got is the specific allowances being put against that increase has, or at least against those impaired loans, has declined significantly.

Can you give us some indication as to what sectors or what areas those loans are in to give us comfort that if the recoverability on these loans were actually better than what you've historically provided for?

MICHEL LAUZON: Mr. Aiken, Louis Marquis will answer that question for me.

JOHN AIKEN: Okay, thank you.

LOUIS MARQUIS (Head of Credit, Laurentian Bank of Canada): These loans are actually various loans. Three—well, two of them are commercial loans; one of them is a real estate loan. Two of them are Quebec based; one of them is Ontario based in no concentration of industry.

I guess what—we took the provision that we felt was required in these assets, some of which we expect the full repayment. And if I were to add a (inaudible) only one of those loans is actually in a liquidation process, the other ones are operating as a going concern right now.

JOHN AIKEN: And you're comfortable with the security behind those loans?

LOUIS MARQUIS: Yes, we are.

JOHN AIKEN: Thank you.

OPERATOR: Thank you. Our next question is from Michael Goldberg of Desjardins Securities. Please go ahead. À vous la parole.

MICHAEL GOLDBERG: (Inaudible). All three of them are secured?

LOUIS MARQUIS: Yes.

MICHAEL GOLDBERG: And what is the security?

LOUIS MARQUIS: Partly most of the real estate, some equipment and like I said it's very—one of them is a real estate loan of course, it's a residential real estate loan so that's what it is. Others are a mix of collateral receivables, inventory, equipment and real estate.

MICHAEL GOLDBERG: Okay. And one other question on loan quality; on your uninsured mortgage—residential mortgage portfolio, what's your average loan to value?

MICHEL LAUZON: Michael, I will ask Louis Marquis to answer that question.

LOUIS MARQUIS: Based on the original value at origination and the current balance is 50 percent.

REJEAN ROBITAILLE: And that's based on the original subscription?

LOUIS MARQUIS: A big part of that portfolio is quite mature so the value has actually increased since then.

MICHAEL GOLDBERG: Okay. Now turning to securitization; how much insured residential mortgages do you still have?

REJEAN ROBITAILLE: Bernard will answer that question.

BERNARD PICHE (Senior Vice President, Laurentian Bank of Canada): I don't have a specific number. It comprises close to half of our portfolio.

MICHAEL GOLDBERG: Okay and what's the plan to securitize them? Could they all potentially be sold? If not, why not?

REJEAN ROBITAILLE: Well, depending on maturities and coupon and all that, there are lots of criteria for securitization. What I can say is that given what we have in stock and given the plan that we have and the fact that we are continuing to write mortgage business and, in fact, we're--in Quebec it's going very well, my expectation is that we should continue to securitize mortgages over the next several quarters.

MICHAEL GOLDBERG: Thanks.

REJEAN ROBITAILLE: The indication that we gave in the last few quarters; it's similarly the same. Let's say between 150 to 250 million per quarter depending on our funding needs.

MICHAEL GOLDBERG: Okay. Now also I've got another area of questions just on the margin compression. Overall, how much personal non-term deposits do you have now?

REJEAN ROBITAILLE: Personal loan term deposits? Non-term?

MICHAEL GOLDBERG: Non-term, so personal saving and checking.

REJEAN ROBITAILLE: Roughly I would say around 20 percent but we could provide you more specific numbers.

MICHAEL GOLDBERG: Okay, you can get back to me.

REJEAN ROBITAILLE: Yes, we'll get back to you on this.

MICHAEL GOLDBERG: And specifically on the high rate deposit product at B2B, with the rate that you're paying on that product, how do you make a profit?

REJEAN ROBITAILLE: I'll ask Francois Desjardins to answer that question.

FRANCOIS DESJARDINS (Executive Vice President, LAURENTIAN BANK of Canada): The correct answer to that is in the long term, like every other product launch that we have, we have a promotional rate at the start. It gets things going and then you take it down a notch. We already took it down to 325 and we probably will go further than that.

But basically, we want to remain competitive in the product but there's two ways to launch a product. One, you do a lot of marketing; two, you give a rate up front; and that's what we did.

MICHAEL GOLDBERG: Thanks.

OPERATOR: Thank you. Our next question is from Sumit Malhotra of Macquarie Capital Markets. Please go ahead. À vous la parole.

SUMIT MALHOTRA: Good afternoon.

REJEAN ROBITAILLE: Good afternoon, Sumit.

SUMIT MALHOTRA: If I—if I look at your ratio of total allowances to loans going back over the last couple of years, you end this quarter at about 78 basis points. You were over 100 as recently as Q1 ’07. So I realize that the performance on the credit side has been very good, but just looking over the past year—last five quarters, you’ve consistently had your level of provisioning less than your net charge offs on the allowance side.

Could you talk a little bit about how you feel in this? Is there some commentary here about where we are in the economy? And certainly the ratio of allowances to even the size of the loan book, which has grown pretty quickly, has been trending down. Just wondering on how we should think about his in regards to allowances and your view of the credit cycle that’s being talked about today.

REJEAN ROBITAILLE: Once again, I will ask Louis Marquis, Head of Credit, to answer the question.

LOUIS MARQUIS: We do consider that our level of provisioning is adequate as far as (inaudible) reserve. We do our modeling for the consumer loans and for the every—commercial loans is adequately reserved on our (inaudible). (Inaudible) that in third quarter '08 we had increased our general reserve by 8 million and anticipate—partly in anticipation of the current cycle we're in. So that was done. We're in the cycle right now. Our models show that the down reserve is quite adequate so we feel that the total provisioning is adequate.

SUMIT MALHOTRA: Okay. You're right, in Q3 you took the general up and that's what got you the only quarter in which we saw the provisions exceed the charge offs that ran through the allowance.

So it's—just, you know, kind of interesting to me that this is an area where your loan book has grown so much but your reserves maybe haven't kept pace. But we can leave that one there.

If I switch over to NIM for a second, the commentary on potentially increasing some of the pricing on the loan side; maybe one of the reasons your credit quality has improved is because the book has moved so much retail. I would think on the retail side there's still a very competitive environment on mortgages and personal loans. There may not be that much room to price different in the market.

So is it really on the business portion of the book that you think you've got some room here to take pricing up?

REJEAN ROBITAILLE: I think, well, that there's several initiatives and that we're looking at. As you know, all the new business has been with new—has been with new pricing. Considering the existing portfolios, we've seen some of our competitors have already adjusted their pricing in line of credit, for instance, and we're looking at a situation right now.

SUMIT MALHOTRA: Okay. Last two quick number ones; just first off on the deposits. The way you guys break it out we see a big increase in persona, but a very big decrease in business and banks.

Is this—I didn't think you used that much wholesale funding, so maybe just a quick comment on what happened on the business deposit side.

And the last one is the commentary you had about a timely securities disposition, is there any more color you could provide on that? And that's it for me.

REJEAN ROBITAILLE: Okay, I will ask Bernard to answer those questions.

BERNARD PICHE: Okay, your first question, yes we do have some institutional funding coming from institutions in Canada, provinces and others. And what we—and what you've noticed in the annual—in the financial statement is exactly what you said. It's a switch from those shorter term borrowings to more—better quality funding through the retail network and retail channel. So you're right on that.

So the liquidity levels have increased somewhat but the quality of the liquidity is certainly improved as you take term money from retail to replace, you know, further term institutional money. I think that's the first question.

The second part was, I'm sorry…?

SUMIT MALHOTRA: Just the—there was a comment on, I think, it's a couple million dollars on securities lost. I think it was described as timely disposition or something like that?

BERNARD PICHE: Yes, well in fact we are proactive on our secondary liquidity portfolio. As you know it's portfolio of about $280 million of securities comprising mainly of corporate bonds and quality equities.

And with the market being what it is, when we see some securities that have less of a prospect of going back to the price that we paid for, we are proactive in liquidating those.

So in January we did sell some securities that resulted in an impact of the bottom line of the Bank of about $2 million and before taxes.

SUMIT MALHOTRA: Okay, thanks very much.

OPERATOR: Thank you, merci. Our next question is from Ian de Verteuil of BMO Capital Markets. Please go ahead. À vous la parole.

IAN DE VERTEUIL: First of all, congratulations on booking a profit on selling something in January.

The first question leads to spread and with the reduction in Prime again, can you talk to the short term prospects for spread actually staying stable?

REJEAN ROBITAILLE: Once again, I will ask Bernard to answer that question.

BERNARD PICHE: I'm not sure I can relate it to the Prime itself, Ian. What we've—what we've experienced, if I may go back a bit, in the last few months is a change in the price of our funding as well as that of the industry.

Just to give you an idea, let's—before the crisis started, borrowing through the GIC in the branch network would have been at around the BA level or even lower than that. And this stayed on for quite awhile but as the market corrected severely in September and October, the whole industry priced itself way above—way above the swap rate.

So we've had—that's why the margins, ours and that of others, has been squeezed. It was compensated right from the start with the—on the mortgage side because mortgage prices did adjust to the new reality.

What Rejean has been saying is that we are now seeing an adjustment on the other parts of our books - that is the commercial loans, real estate loans, and lines of credit. And that's in the process of being done by us and I suppose by others.

But there's a lag and that's what we are seeing in our margin and I expect that to—this pressure is going to go on for the next few months before it starts stabilizing as all sectors of our balance sheet are repriced to the new reality.
I'm not sure I'm answering your question.

IAN DE VERTEUIL: No, I—very wholesome actually. And there is a couple of other issues; so you're—so the low absolute level of Prime, doesn't that just put pressure on the deposit books in and of itself just because even though,, you know, a fair amount of your book would be Prime based and your deposits books you can't pay zero on. So isn't absolute levels of Prime a factor as well?
BERNARD PICHE: It is a factor. It's not a positive for the industry and it's not for ours.

IAN DE VERTEUIL: But the overriding issue you would say is the pricing, the branch base pricing of retail deposits?

BERNARD PICHE: I think that's the major change that has hit the industry. You know, the first thing we had 18 months ago was a readjustment of the institutional borrowing. You've seen the major banks doing some senior borrowings that spread that, you know, were in the hundreds of percent. That did not touch the retail sector until, I would say, significantly until September/October.

And then there was an arbitrage and pricing was adjusted throughout the networks of all of the banks. And that is—that has had an impact on margins.

IAN DE VERTEUIL: And that's principally as they show it at the very short hand or is it pretty uncertain?

BERNARD PICHE: No, it's…

IAN DE VERTEUIL: On the GICs.

BERNARD PICHE: It's GICs.

IAN DE VERTEUIL: So it's GICs.

BERNARD PICHE: If you look at the posted price of major banks over the last 24 months versus BA or versus Canada, you will see a huge change. You know, we're talking a few hundred basis points.

IAN DE VERTEUIL: So the point really being that you—to get somebody to lock in on a GIC there's a certain—there's a minimum that has to be paid. Is that…?

BERNARD PICHE: Well, what happened is that the whole industry, noticing that they were borrowing money at 400 over Canada's in the institutional, decided to price some of that in the retail banking.

IAN DE VERTEUIL: Right.

BERNARD PICHE: And that's what we've all lived through and are adjusting to.

REJEAN ROBITAILLE: And that's why also one of our initiatives that we've already started, and I mentioned that to Michael previously, that we will adjust our loan pricing going down the road.

IAN DE VERTEUIL: Okay. The second question leads to the investment loan portfolio—first of all, thank you very much for the additional disclosure.
Are these loans—on aggregate are they large loans or small loans? And can you talk to loan balances? Does the value of the securities that you have a claim against?

REJEAN ROBITAILLE: I will ask Francois Desjardins to answer that question.

FRANCOIS DESJARDINS: Yes, for the average size of the loan it's around 60 grand so it's not huge loans. There's many loans will relatively small size, but there is bigger. As for the—your second question was what, Ian?

IAN DE VERTEUIL: The loan balances because, like for example, on the 100 percent loan financing or just on the overall book what would be the claim versus the actual securities that presumably you would have a claim on versus the loan balances.

FRANCOIS DESJARDINS: Yes, that's a question that I'm not prepared to answer for strategic and competitive reasons.

One of the things or the main reason behind that is this is not, as Michel said before, it's not a margin account as you would see in a broker's firm. It's a personal loan. So the numbers that we should look at is really, you know, things that are relating to the capacity to pay the client and not the underlying collateral. The underlying collateral just adds to the credited amount.

So really what I'm looking at is, you know, behavior scores and beacon scores and, you know, as we said in slide 16, the loan losses and the provision are actually quite, quite low.

IAN DE VERTEUIL: Very low, yes. I see that. Is there—now most of these loans are sourced by, like they're sourced outside of your footprint, do you—most of these would be a single relationship with a client? Just trying to think of the brokers bringing in business. It's unlikely there would be clients otherwise, is that right?

FRANCOIS DESJARDINS: Well first of all, they're sourced all across Canada, like the B2B business is. We have activity in all provinces and it's not really different from the general population. These are not single relationships in terms of the—in terms of the end client it might be, but in terms of the advisors it certainly isn't. We have a longstanding relationship with advisors and we have for a long time. And this is, you know, the channel that is bringing in not only loans but all kinds of other products to B2B.

IAN DE VERTEUIL: Thank you.

REJEAN ROBITAILLE: Thank you, Ian.

OPERATOR: Thank you. Our next question is from Robert Sedran of National Bank Financial. À vous la parole. Please go ahead.

ROBERT SEDRAN: Hello, good afternoon. Just a quick point of clarification and I apologize, I think I may have misheard. That securities transaction in January, $2 million pre tax on the bottom line, was that a positive or a negative?

REJEAN ROBITAILLE: It was a negative.

ROBERT SEDRAN: Okay that's what I thought.

REJEAN ROBITAILLE: Yes.

ROBERT SEDRAN: And so I guess my other question relates to, and you've touched on this a little bit through some of your other comments, but the outlook for loan growth both on the personal and on the commercial side over the balance of the year, can you—are you expecting it really to trail off or are you expecting the demand to stay there? And is that a question of perhaps Laurentian Bank gaining share or a question of the demand just remaining robust in Quebec?

REJEAN ROBITAILLE: I think that what we've seen so far is the demand in Quebec is still robust. Maybe outside of Quebec we could see, depending on how the markets in the economy will evolve, slowing demand.

That said, we have invested lots in the last few years, as you know, in our business development capacity and we think that going down the road this type of environment will be an opportunity for us to continue some growth.

There are some players that have exited the—Canada and so we think that going down the road with the information that we have right now, growth both in terms of loan and deposits will be—will be good for us in 2009.

IAN DE VERTEUIL: Okay, thank you.

OPERATOR: Thank you. There are no further questions registered at this time. Il n'y a plus de questions enregistrées en ce moment.

GLADYS CARON: Thank you all for joining us today. If you have any further question, do not hesitate to contact us. Our phone numbers are listed on the presentation. Thank you.

REJEAN ROBITAILLE: Thank you very much.

OPERATOR: Thank you, merci. La conférence est maintenant terminée. The conference has now ended. Veuillez s'il vous plaît raccrocher votre ligne. Please disconnect your lines.

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The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.