LAURENTIAN BANK

CONFERENCE CALL TRANSCRIPT
FOURTH QUARTER 2008
DECEMBER 5, 2008

OPERATOR: Bienvenue à la conférence de la Banque Laurentienne. Welcome to the Laurentian Bank conference call. Je cède maintenant la parole à Madame Gladys Caron. I would now like to turn the meeting over to Ms. Gladys Caron. À vous la parole. Please go ahead, Ms. Caron.

MS. CARON: Merci. Bienvenue. Good afternoon, everyone.

Our press release was issued today on CNW and is posted on our Web site. This afternoon's overview of our 2008 results will be provided by our President and CEO, Réjean Robitaille, followed by a presentation by our CFO, Robert Cardinal, who will highlight Laurentian Bank's financial performance. Réjean will then wrap up the session.

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 18 of the PowerPoint presentation available on our Web site. Réjean Robitaille and Robert Cardinal 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 PowerPoint presentation. Finally, I would like to point out that our annual audited consolidated financial statements, including related notes, are available on sedar.com and on our Web site.

I will now turn the floor over to Réjean Robitaille.

R. ROBITAILLE SECTION

Thank you, Gladys. Good afternoon everyone.

2008 was a solid year for Laurentian Bank and I am very pleased with our results. Given the current financial crisis, these results are even more satisfying. Record growth, solid financial position and improved performance of each of our business segments were some of the key elements explaining our 2008 results.

As shown on slide 3 of our PowerPoint presentation, net income increased by 8% to $102.5 million, or $3.80 per common share on a GAAP basis. Return on common shareholders' equity reached 11.0%, compared to 10.9% in 2007. Our efficiency ratio improved significantly, reaching 70.7%, compared to 73.2% in 2007. Excluding significant items that Robert will discuss in a few minutes, earnings per share in 2008 increased by 34% compared with 2007. Strong loan and deposit growth, tight cost control, and relatively high securitization revenues were the main factors contributing to these results.

Furthermore, as shown on slide 4, we exceeded all the objectives set for 2008. Besides our ROE, EPS and efficiency ratio, which I have just talked about, total revenue increased by 8%, and our Tier 1 capital ratio remained strong at 10.0%.

As shown on slide 5, our loans and deposits were in growth mode in 2008 due to our enhanced business development activities. Excluding securitization activities, that we use for funding purposes, our total loans and BAs increased by $1.7 billion. As for total deposits, they grew by $1.5 billion. Residential mortgages increased by 10%, excluding securitization, while personal loans and total commercial loans including BAs grew by 7% and 23% respectively.

Our strong 2008 figures can be attributed to our focus on three engines of growth – Retail and Small and Medium-Sized Businesses in Quebec, B2B Trust and Real

Estate Financing – as well as to our targeted and efficient marketing campaigns, our strategic investments in our infrastructures, systems and personnel, and our prudent risk management approach.

Let me emphasize the fact that despite the current turmoil in the financial markets, our balance sheet is strong, our capital ratios are among the best in the industry, and our credit profile remains excellent.

Before turning things over to Robert, our CFO, I would like to take a few moments to underline his decision to retire. Robert dedicated 18 years to Laurentian Bank, most of which he spent as our Chief Financial Officer. He has most definitely left his mark on our organization through his rigour, his remarkable professionalism, and his extensive knowledge of the banking sector. On behalf of all of us at the Bank, thank you Robert. We wish you a truly well-earned retirement!

R. CARDINAL SECTION

Thank you Réjean for your kind remarks. On my last presentation as CFO of the Bank, I am happy to report a very good financial year for Laurentian Bank.

Let's turn to slide 6 for highlights of our results for the fourth quarter of 2008. On a GAAP basis, diluted earnings per common share amounted to $1.02, and return on equity was 11.5%. For the fourth quarter of 2007, diluted earnings per common share reached $1.14, and return on equity was 13.8%.

Both fourth quarters included significant items of a non-recurring nature, as shown on page 4 of our press release and on the bottom of slide 6 of the PowerPoint presentation.

The fourth quarter of 2008 included two significant items representing a total negative impact of $7.0 million after tax:

- The first item was an $8.1 million impairment charge on available-for-sale fixed income securities issued mainly by US and international financial institutions. Write-downs were recorded where we had significant evidence of impairments as a result of financial reorganizations of such institutions, or when investments suffered from major decline in value and severe illiquidity.
- The second item was a $2.2 million write-off of technology development costs following the recent decision of the Canadian Payment Association not to proceed further with the image-based cheque-clearing project.

Results for the fourth quarter of 2007 included three significant items representing a total positive after tax impact of $3.6 million:

- The first item was a $4.0 million gain resulting from the worldwide restructuring of VISA.
- The second was a $2.9 million charge related to securities issued by conduits covered by the Montreal Accord.

- The third item was a $2.2 million favourable adjustment to income taxes.

Excluding all these significant items, earnings per share from continuing operations reached $1.13 in the fourth quarter of 2008, compared with $0.81 for the same quarter last year, and $1.09 on a core basis for the third quarter of 2008. On this basis, return on common shareholders' equity reached 12.7%, compared with 9.7% in 2007, and 12.4% on a core basis in the third quarter of 2008. The main drivers of our core fourth quarter results were the higher loan and deposit volumes, the relatively high securitization gain and the good performance of our treasury and capital market operations, compensated in part by the negative effect of higher funding costs of personal term deposits.

As shown on slide 7, for the year ended October 31, 2008, diluted earnings per common share amounted to $3.80 on a GAAP basis, while return on equity was 11.0%. In 2007, diluted earnings per common share reached $3.48, and return on equity was 10.9%.

Both fiscal years included significant items of a non-recurring nature, as shown on page 4 of our press release and on the bottom of slide 7 of the PowerPoint presentation.

2008 included the fourth quarter's significant items discussed earlier, in addition to the following two items representing a total negative after tax impact of $10.6 million:

- In Q1 2008, there was a $5.6 million charge reflecting a decrease in future tax assets arising from the reduction in federal income tax rates.
- In Q3 2008, there was a $12.9 million gain on the sale of the Montreal Exchange shares, a $5.3 million loss on sale of securities, and an $8.0 million increase in the general provision for loan losses.

Results for 2007 included the fourth quarter's significant items discussed earlier, in addition to a $2.5 million favourable adjustment to income taxes recorded in Q1 and Q2 2007, representing a total positive impact of $6.0 million after tax.

Excluding all these significant items, earnings per share from continuing operations reached $4.06 in 2008, compared with $3.04 in 2007, representing a growth of 34%. On this basis, return on common shareholders' equity reached 11.8% in 2008, compared with 9.5% in 2007.

The main drivers of our strong 2008 results are as follows:

- Firstly, total revenue increased by 8.0% year-over-year, while non-interest expenses grew by 4.3% as we continued to maintain a tight control over expenses while investing in our business development activities, as well as in our human and technology resources.

- Secondly, excluding the significant items, other income increased by 17% year-over-year. This increase came mostly from higher income associated with the securitization of residential mortgages totalling $1.3 billion in 2008, which generated gains of $29.6 million. The securitization gains were particularly high, reflecting the favourable prevailing market conditions with regard to mortgage lending in Canada throughout the year, and our ability to grow our residential mortgage loan portfolio. In addition, servicing revenues continued to increase, amounting to $6.3 million in 2008, compared to $3.2 million in 2007. Finally, the increase in other income was also due, but to a lesser extent, to higher income from treasury and financial market operations compensated by lower income from brokerage operations.

- Thirdly, net interest income improved by $15.1 million, or 4%, due mainly to higher loan and deposit volumes over the year — $831 million in total loans and banker's acceptances, and $1.5 billion in total deposits, of which $866 million came from personal deposits. On the other hand, net interest margin stood at 2.21% versus 2.31% in 2007, due mainly to margin pressures coming primarily from the intense competition in the personal term deposit portfolios of B2B Trust and Retail Quebec, and, to a lesser extent, from a change in our portfolio mix.

- Lastly, the provision for credit losses stood at $48.5 million in 2008, compared to $40.0 million in 2007, including an $8 million increase in our general provision in Q3 2008 to reflect the increase in loan volumes and the deteriorations in economic conditions.

As shown on slide 7, the effective tax rate was 27.9% for 2008 versus 22.7% for 2007. Excluding the impact of the significant items and from continuing operations, the effective tax rate was relatively stable at 25.9% in 2008, compared to 27.2% in 2007. Note 17 to the annual consolidated financial statements provides further information on the income tax expense.

Let's now talk briefly about discontinued operations. In fiscal 2005, the Bank sold its asset management activities to Industrial Alliance. As part of this transaction, a portion of the proceeds was subject to recovery clauses, based on net annual sales of mutual funds. Since net sales at the end of November 2008 exceeded the minimum threshold, a $5.2 million gain ($4.4 million net of income taxes) was recognized during the fourth quarter of 2008. Note 27 to the annual consolidated financial statements provides additional information regarding this transaction.

As shown on slide 8, gross and net impaired loans remained relatively stable in 2008 versus 2007. Net impaired loans stood at minus $11 million as at October 31, 2008, compared to minus $11 million as at October 31, 2007. Gross impaired loans stood at $102 million as at October 31, 2008, compared to $104 million as at October 31, 2007.

Although the Bank is not immune from the effect of a slowdown in the economy, so far, we have seen no significant deterioration in our loan portfolios and their credit quality has remained excellent. Please note that loan underwriting is subject to a rigorous process which allows for the efficient management of the credit risk associated with the clients, and that most of our loans are secured. Furthermore, all consumer credit applications are scored and authorizations are heavily based on clients' capacity to reimburse loans, as well as on their financial strength.

As presented on slide 9, our efficiency ratio continued to improve to reach 70.7% in 2008, compared to 73.2% in 2007.

Now, let's have a look at the performance of our business segments for the year ended October 31, 2008.

As shown on slide 10, all business segments, except Laurentian Bank Securities, improved their total revenue in 2008. In terms of net income, the Real Estate and Commercial sector, as well as B2B Trust, showed substantial improvements in 2008.

Slide 11 illustrates that total revenue of Retail and Small and Medium-Sized Businesses in Quebec rose by $17.3 million, or 4% year-over-year, reaching $415.2 million, attributable mainly to higher revenues as a result of growth in loans and deposits, as well as to higher card service revenues. Average loans and deposits grew by $780 million and $401 million respectively. Excluding the $4.0 million gain resulting from the restructuring of Visa in Q4 2007, the net income contribution of Retail and Small and Medium-Sized Businesses in Quebec remained relatively stable. Total revenue growth was offset by higher loan losses, reflecting overall increases in loan volumes and slight deteriorations in point-of-sale financing, as well as by a $16.3 million rise in non-interest expenses. The increase in non-interest expenses was due mainly to higher salary charges resulting from the expansion in retail banking operations combined with regular salary increases, and to higher business development and technology costs.

As shown on slide 12, total revenue of Real Estate and Commercial rose by 15% to $71.4 million, resulting mainly from higher net interest income, which reflects the increase in loan volumes. Average loan growth was 19% year-over-year. Loan losses reached $5.4 million in 2008, compared to $6.7 million in 2007. Non-interest expenses increased by $0.5 million to $23.4 million in 2008, and net income improved by 32% to $28.6 million.

The next slide shows that B2B Trust also posted strong performance in 2008. Net income contribution increased by 14% over 2007 to $34.9 million. Total revenue increased by $5.3 million to $97.8 million as a result of higher net interest income, influenced positively by volume growth and dampened by margin reductions. B2B continued to benefit from strong growth in loans and deposits, with a $756 million increase in average loans and a $583 million increase in average deposits. The segment also benefited from lower loan losses in 2008 as a result of the sale of a line of credit portfolio in the first quarter of 2008, but its net interest margin decreased, reflecting the intense competition for personal term deposits. Non-interest expenses increased by $1.3 million to $43.7 million.

Please note that despite the recent market declines, the credit quality of B2B's investment loan portfolio, as any other of our portfolios, remains excellent. B2B's investment loans are collateralized, but above all, they are all credit scored and their underwriting is principally based on the overall credit quality of the clients as well as on their ability to repay their loans.

As can be seen on slide 14, the net income contribution of Laurentian Bank Securities declined to $1.7 million in 2008, compared to $7.1 million in 2007. Laurentian Bank Securities' 2008 results included a $3.0 million charge related to securities issued by conduits covered by the Montreal Accord. Results for 2007 included a $4.4 million gain resulting from the sale of Montreal Exchange shares and losses of $2.1 million related to securities issued by conduits covered by the Montreal Accord. Excluding these items, results declined by $ 1.0 million, as a result of the reduced level of activity in the Retail division, and despite another very strong year of the Institutional Fixed Income division, which benefited from higher market volatility. Non-interest expenses decreased to $29.7 million in 2008, from $30.7 million in 2007, mainly as a result of lower variable compensation costs.

On slide 15, the Other segment contribution to net income was minus $8.0 million in 2008, compared with minus $11.9 million in 2007. The variation is due to a large number of significant items as listed on the slide and explained in our press release. Excluding these significant items, which had an unfavourable impact of $10.6 million after tax in 2008 and a favourable impact of $4.2 million after tax in 2007, the sector net income contribution increased by $18.7 million due mainly to three elements:

- The first element was higher securitization revenues, including gains on sale of $29.6 million and servicing revenues of $6.3 million in 2008, compared with gains on sale of $6.7 million and servicing revenues of $3.2 million in 2007.
- The second was higher income from treasury and financial market operations of $6.6 million, primarily due to higher revenues on foreign exchange operations.
- The third element was a $16.6 million decrease in net interest income mainly as a result of the higher level of securitized loans, and the higher funding costs associated with asset-liability and liquidity management.

In conclusion, I would like to thank Réjean, the Management Committee, the members of the Board, as well as the employees in my group and throughout the organization for their precious and loyal support over the years. My time at the Bank has been truly wonderful and I am proud to have been part of this outstanding enterprise. As for you, dear analysts and investors, it has been a privilege, and sometimes quite a challenge, to work with you during these years. Thank you for your attention… and “au revoir”, I hope!

R. ROBITAILLE SECTION

Thank you, Robert.

Slide 16 shows our 2009 objectives. As you can see, we are targeting a ROE of 10 to 12%, a diluted net income per share of $3.70 to $4.40, total revenue of $645 million to $665 million, which represents an increase of 2 to 5%, an efficiency ratio of 73 to 70%, and a minimum Tier 1 capital ratio of 9.5%. The key assumptions supporting the Bank’s 2009 objectives are presented on page 3 and 4 of our press release, as well as on slide 16 of our PowerPoint presentation.

Before we move on to the question period, I would like to underline that Laurentian Bank is a solid, well managed and growing financial institution. We achieved strong results in 2008, and we look at the future with optimism.

In 2009, we will continue with the same recipe that has proven right over the last few years, including:

- First, a well targeted strategy with an emphasis on three growth engines, in markets we know well, and where we are at ease with overall risks.
- Second, a specific focus on our three priorities — profitability, efficiency and human capital — to guide all our decisions and actions.
- Third, a prudent risk management approach.
- Fourth, an efficient management of our portfolio mix.
- Fifth, a tight control of our expenses.
- And finally, a rigorous and disciplined execution, in order to improve our performance on a sustainable and long-term basis.

This wraps up my comments. I now turn the floor back to Gladys.

MS. CARON: 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: Merci, Madame Caron. Thank you, Ms. Caron.

[Question period]

OPERATOR: There are no further questions registered. So I would now like to turn the meeting back over to Ms. Caron.

MS. CARON: Thank you all for joining us today. Merci de votre participation. If you have any further questions, the phone numbers are listed on the press release. Thank you.

QUESTIONS AND ANSWERS

OPERATOR: Thank you. Merci. Si vous désirez poser une question, appuyez sur *1. Si vous voulez annuler votre question, appuyez sur le #. If you wish to ask a question, please press *1 on your telephone. To cancel your question, please press the # key. Vous pouvez maintenant procéder. You may now proceed.
Notre première question, our first question is from Michael Goldberg, of Desjardins Securities. Please go ahead. À vous la parole.

MICHAEL GOLDBERG: Thank you. 2008 was a year of ramped up securitization. Could you give us some colour on your potential to sustain or even increase the level of securitization activity and revenue in 2009?

RÉJEAN ROBITAILLE: I'll ask Bernard Piché, of Treasury, to answer that question.

BERNARD PICHÉ (Senior Executive Vice-President, Treasury, Capital Markets and Brokerage): Good afternoon, Michael. Forward looking what we see, and I've said that I think at the last quarter review and I'm not changing this, we foresee that we will be using securitization on a quarterly basis for amounts varying between $150 million to $300 million. So I'm expecting levels that are quite similar to what we've had.
In terms of the revenues generated, as you know, it all depends of the market conditions and especially the spreads on the mortgages that we are going to be booking over the coming year. So it's difficult to say. The only thing I can say is that the next securitization is going to be done with mortgages that have already been done and the spread has been very

wide, as you know, compared to history over the last several quarters... or several months.

MICHAEL GOLDBERG: Have all the securitizations been ensured mortgages?

BERNARD PICHÉ: Yes, Michael.

RÉJEAN ROBITAILLE: Through the CMHC conduits.

MICHAEL GOLDBERG: Right. Okay, and also, can you talk about your intentions regarding your dividends?

RÉJEAN ROBITAILLE: Well, as you know, we looked at the dividends on equality basis and we increased our dividend in the last quarter, in Q3. I think it's important, given this current market environment also to remain prudent. So we manage our capital in a conservative manner and this quarter, we decided not to proceed with another increase.
But I mentioned that also in the last conference call that it is our intention to have let's say more increase than what we had in the past. More increase in the future than what we had in the past.

MICHAEL GOLDBERG: Thank you. And best of luck for the future, Robert.

ROBERT CARDINAL: Thank you, Michael.

OPERATOR: Thank you. Merci. Our next question is from Ian Deverteuil of BMO Capital Markets. À vous la parole. Please go ahead.

IAN DEVERTEUIL: Just to echo Michael's comments, all the best in your retirement. Not surprisingly, I guess, my questions are going to focus on B2B. Robert, you mentioned that there is... that the loans, the 2.7 billion of investment loans are collateralized. Can you talk to what the collateralization is and what it was at the time the loan was made?

RÉJEAN ROBITAILLE: If you don't mind, Ian, I will ask Louis Marquis, head of credit, to answer that question.

LOUIS MARQUIS (Senior Vice-President, Credit, Laurentian Bank): Certainly, you can estimate that when the markets, the stock markets dropped as they did, the value of the underlying securities dropped as well. Our portfolio has been generated through the past 10 years. It's a mix of margin loans, 100-per-cent financing, various products and various collaterals.

What I'd like to point that even if the collateral obviously adds strength to the risk, we don't see it as the main element of risk and that is demonstrated by both past and current performance in market corrections.

Indeed, all current credit metrics such as impaired loans, delinquency, current loan losses, they all remain strong to this date, notwithstanding the current market correction. And so it's various collateral.

IAN DEVERTEUIL: So how much of these were 100-per-cent loans?

RÉJEAN ROBITAILLE: François Desjardins, CEO of B2B, will answer that one.

FRANÇOIS DESJARDINS (President and Chief Executive Officer of B2B Trust, Executive Vice-President, Agency Banking at Laurentian Bank): Ian, we consider that the way that we built our book of credit to be strategic information and it's a recipe that served us well in the past and continues to do so. And let me remind you that this is not the first time that we've gone through market corrections and we've always managed through them relatively well with low loan losses.

I can tell you that there is a great percentage of new loans that are 100-per-cent loans, but that does vary from time to time. And when we did launch that product, it was important that the credit criteria be the main adjudicating factor. As all the other consumer loan portfolios, these loans are all credit scored and underwritten and that's the basis of the overall credit quality of the borrower and his ability to pay.

IAN DEVERTEUIL: Is there, on the 100-per-cent loans, is there a margin call facility?

FRANÇOIS DESJARDINS: Some of them, yes. And the way that we manage those is through normal warnings and calls. And as the market took a downturn, we managed through that already.

IAN DEVERTEUIL: So these have margin calls and you've exercised the calls?

FRANÇOIS DESJARDINS: No, my answer is that some of them do and some of them don't. And at this point, I'm not willing to give you the percentage because I consider that strategic information. But what I can tell you is that in the 100-per-cent portfolio, some of them have... are margin positions and a lot of them are non-margin positions.

IAN DEVERTEUIL: When you say that, "non-margin positions", what does that mean?

FRANÇOIS DESJARDINS: No margin calls on the loan.

IAN DEVERTEUIL: Oh, I see. Is the issue of impairment... Clearly, this is a tough, tough market and I know you guys have had the B2B business for a while. I guess what makes you confident that given the increase in the size of the book from say the early... the correction in the early part of this decade, that that's a good indication of how it's going to perform this time?

RÉJEAN ROBITAILLE: Louis, head of credit, will answer that one.

LOUIS MARQUIS: Here, Michael, I could not put enough emphasis on the fact that these loans are all scored. We developed score cards for every retail product and we developed one for that product and they're underwritten on the basis of their overall credit quality and their ability to pay. We have debt service requirements as we would do for any other retail product. We have minimum tangible net worths that are actually a lot stricter than we have for most other retail products. So it's an overall quality as opposed to the collateral that justifies the underwriting.
And to this point, we review the portfolio quarterly and the performance has been quite good. I will go as far as to say it is one of our best portfolios, retail portfolios in the Bank to this date.

IAN DEVERTEUIL: So for loans, you would require, if there is going to be 100 per cent what... you require other relationships of the Bank or...?

LOUIS MARQUIS: No, they will require them to have a minimum score. We will require them to be able to service the debt with other resources. We would require them to have a tangible net worth that is in line with the amount of the loan that we do. The bigger the loan, the bigger the net worth we will require. It goes up to 1.5 times the loan if it's a bigger loan. So (inaudible) who have equity.

IAN DEVERTEUIL: Okay, thanks. I'll requeue. Good quarter, guys.

RÉJEAN ROBITAILLE: Thank you, Ian.

ROBERT CARDINAL: Thank you.

OPERATOR: Thank you. Merci. De nouveau, n'hésitez pas à faire *1 pour toute question. Please press *1 if you have any questions. Notre prochaine question, our next question is from Sumit Malhotra, of Merrill Lynch. Please go ahead. À vous la parole.

SUMIT MALHOTRA: Good afternoon.

RÉJEAN ROBITAILLE: Good afternoon, Sumit.

SUMIT MALHOTRA: If I look at your targets on slide 16, your objectives and your assumptions for 2009, can you talk about assumption number one, the same loan growth as in 2008?

Obviously, this morning's jobs number get us all thinking a little bit more about the Canadian economy and you've obviously had very good growth on both the residential mortgage front and the investment portfolios we just heard about. With the markets the way they are, the housing market the way it is, why should loan growth be able to stay at the close to or at the double-digit level?

RÉJEAN ROBITAILLE: I think it's important, Sumit, to know this, that over the last few years, we have invested a lot in our business development capacities and we think that targeting(?) growth capacity, to be quite strong, are quite strong at the moment and will continue to do so. There is also a lot of opportunities. We're seeing a lot of deals right now in the markets. As you know, while some of our competitors are not there anymore...

So in terms of mortgages, for instance, we have put some mortgage reps over the years. We have developed partnerships with some big agents in the market. So there is things that give us a good level of comfort that in 2009, even if we look at the current market environment, we will be able to have the same type of growth than in 2008.

SUMIT MALHOTRA: On your comment on revenue growth, if I switch over to that, looking for growth of 2 per cent to 5 per cent, that's a little bit lighter than we've seen in the last few years. And obviously, this year's securitization was a big driver. One of the things that's been very impressive in the last two years is the consistent positive operating leverage. If revenue growth slows in 2009, as your objective suggests it will, how confident are you that there is enough levers that expense growth will stay within revenue growth as has been the case in the last two years?

RÉJEAN ROBITAILLE: As you know, there is some pressure in terms of the deposit pricing, and it's hard to tell and I think that Bernard mentioned that earlier, that in terms of securitization revenues, what would be the... say the spread in the future. So we were a bit conservative on that side.

But you're right, that based on the overall let's say competition that we're seeing in the deposit pricing, that's the reason why we have an objective lower than let's say the one that we had in 2008 in terms of total revenue.
In terms of the overall operational leverage, we do not publish objectives, but we think that we will have, continue to have a positive operating leverage for 2009.

SUMIT MALHOTRA: Okay. Finally, if I just circle back to the investment loan book once again, if I look at the impairment ratio on personal loans as a whole, it works out to about 36 basis points now. I believe the investment loans are contained in this portfolio. Is the impairment on the investment book much different from the 36 basis points that we see here for personal loans?

RÉJEAN ROBITAILLE: Quite different. It's minimal. It's really minimal and most of the... the figure that you're seeing, it's mostly I'd say point-of-sales financing.

SUMIT MALHOTRA: Okay, so sub 10 basis points right now would be in the ball park?

UNIDENTIFIED SPEAKER: Even less.

RÉJEAN ROBITAILLE: It's lower than that.

SUMIT MALHOTRA: Okay, thanks very much.

OPERATOR: Thank you. Merci. Notre prochaine question est de Ian Deverteuil, de BMO Capital Markets. Our next question is from Ian Deverteuil, of BMO Capital Markets. À vous la parole. Please go ahead.

IAN DEVERTEUIL: As you think about the investment loans, is it something you expect to continue to grow from here, or is it...? You had very strong growth in 07. 08 was up, appeared to be up about 10 or 15 per cent. Do you expect that to... Do you expect it to continue to grow that in 09?

RÉJEAN ROBITAILLE: François, would you answer that one?

FRANÇOIS DESJARDINS: Sure. Yes, Ian, I do think that it's going to grow at about the same rate as it has in 08. As you know, the customers that deal with us are more long-term investors and we've been seeing all through 08 certainly a reduction in terms of 07, but a very, very good growth in 08. And that has continued through this downturn in the markets, even to this day.

IAN DEVERTEUIL: On the loans where there are no margin calls, how do you know they are impaired?

FRANÇOIS DESJARDINS: When they stop paying, for one. And also, we use predictive modelling to act predictively and pre-emptively for a customer base.

IAN DEVERTEUIL: So if they would continue to pay interest...

FRANÇOIS DESJARDINS: Um-hmm.

IAN DEVERTEUIL: ... the loan would be performing.

UNIDENTIFIED SPEAKER: Yes.

RÉJEAN ROBITAILLE: The answer is yes, Ian.

IAN DEVERTEUIL: Okay, thank you. Obviously, I'm trying to... I'm scratching my head trying to sort this out.
(Laughter)

IAN DEVERTEUIL: Thank you.

RÉJEAN ROBITAILLE: You're welcome.

OPERATOR: Thank you. Merci. Il n'y a plus de questions pour le moment. J'aimerais retourner la parole à Mme Caron. There are no questions at the moment. I would like to return the meeting back over to Miss Caron.

GLADYS CARON: Thank you all for joining us today. Merci de votre participation. If you have any further questions, the phone numbers are listed on the press release. Thank you.

OPERATOR: Thank you. Merci. La conférence est maintenant terminée. Veuillez s'il vous plaît raccrocher vos lignes et nous vous remercions de votre participation.
Thank you. The conference has now ended. Please disconnect your lines at this time and we thank you for your participation.

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By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ appreciably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank cautions that the foregoing list of factors is not exhaustive. For more information on the risk, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's public filings available at www.sedar.com.

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.