LAURENTIAN BANK

CONFERENCE CALL : Q4 2006

DECEMBER 12, 2006

TÉLÉPHONISTE : Bienvenue à la conférence de la Banque Laurentienne. Welcome to the Laurentian Bank conference call.

Soyez avisés que cette conférence est enregistrée. Please be advised that this call is being recorded.

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.

Mme G. CARON : 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 fourth quarter and year 2006 results will be provided by Ray McManus, President and CEO; Réjean Robitaille, Chief Operating Officer and our next President and CEO starting tomorrow; Robert Cardinal, our CFO; Bernard Piché, Head of Treasury, Capital Markets and Brokerage; Luc Bernard, Head of Retail Financial Services; André Scott, Head of Commercial Financial Services; and François Desjardins, in charge of B2B Trust.

The following members of our senior management team are also present at this call: Lorraine Pilon, Head of Corporate Affairs and Human Resources;

Marc Paradis, Controller; Louis Marquis, Head of Credit; André Lopresti, Chief Accountant; and myself, Head of Public Affairs, Communications and Investor Relations.

At this time, I would like to invite Ray McManus to begin.

MR. R. McMANUS: Thank you, Gladys.

Good afternoon everyone.

I am pleased to present our annual results for 2006, thus concluding with pride the last financial year of my presidency. I am very satisfied with our performance as we have met our main objectives. Our earnings per share amounted to $2.48 and return on equity was 8.2% compared with $2.26 and a return on equity of 7.8% last year. If we exclude the $4.8 million after tax related to the sale and distribution agreement with Industrial Alliance, earnings per share from continued operations stood at $2.28 and return on equity at 7.5% compared with $1.85 and a return on equity of 6.4% last year.

Our fourth quarter earnings per share amounted to $0.84 including income from discontinued operations compared with $0.79 per share for the same quarter last year.

Net interest income continued to benefit from asset and liability management, and loan growth resulted in our net interest margin increasing from 1.99 in 2005 to 2.14 in 2006. If we exclude securitization, total loans grew on a year-over-year basis by more than 6%.

Réjean Robitaille who will be replacing me starting tomorrow intends to continue to pursue the Bank's development plan with specific priorities that he will explain in a few minutes. With his 18 years of experience and in-depth knowledge of the Bank, I am confident he will bring the Bank to even greater heights.

In conclusion, I would like to take this opportunity to thank all the analysts, investors, rating agencies, regulators and media for the trust and respect that you have accorded me during the past four and a half years.

I would also like to thank the management committee, board of directors and all employees for their commitment and dedication.

Knowing the Bank is on the right track, my mandate is now completed, and I am pleased to hand over the baton to Réjean.

Réjean.

MR. R. ROBITAILLE: Thank you, Ray.

Well, good afternoon everyone. It is with great enthusiasm that I will start tomorrow my new duties as President and CEO of Laurentian Bank.

First, I want to sincerely thank Ray McManus for his constant support. Ray has done a tremendous job in the Bank's turnaround and has given, in these last four years, a clear direction to all of us. He has profoundly touched us with his honesty and simplicity. In fact, he has been the perfect personification of the word "respect". Once again, thank you, Ray.

Now, I would like to comment a little bit on the results of the three business lines under my responsibility.

As for the fourth quarter results, all business lines reported significant improvements and volume growth is continuing. Furthermore, Retail, Commercial and B2B Trust reported increases in total revenue compared to the same quarter last year.

Over the last 12 months, Retail total revenue has increased by 4% and the volumes of loans after securitization and deposits have increased by $493 million and $207 million respectively. The total Commercial loan portfolio has grown by $93 million and total revenue was slightly at the same level than last year.

As for B2B Trust, they continue to post strong growth in their investment loan portfolio. Since last year, B2B Trust's total loan portfolio has increased by $268 million and total revenue has increased by more than 11%. Luc, André and François will provide you with further details on the results of their business activities.

In my new position, I want to pursue Ray's great work. As he said before, we have been improving our results, but there is still work to be done. I truly believe in Laurentian Bank's great potential, and I am certain that we will improve our performance in the next few years.

Our plan for the fiscal year 2007 includes three main priorities.

The first one is to increase our profitability by increasing sales of high margin products using more extensively our data warehouse with specific emphasis on volume growth and sales. We will continue to focus on our client growth, but we will make sure to maintain the level of budgeted expenses.

The second priority: to improve operational efficiency by investing in technology to improve our day-to-day operations; also by reviewing, improving and implementing internal processes to increase our efficiency and flexibility.

The third priority, but not the least: to develop further our human resources by training, expanding sales culture within our business lines while maintaining our high quality of service to our clients and to apply a new approach of performance management. We will also continue to work in partnership with our union.

Let me assure you that these priorities are shared by everyone. They are embedded in each business line strategies. All our actions are motivated to become a stronger Bank. We will spare no effort to make sure the Bank fully exploits all its potential.

As for our financial objectives for 2007, they are presented on page 2 of our press release. We have set our earnings per share objective between $2.55 and $2.85, and our return on equity objective within a range of 8 to 9%.

With these objectives, we want to make sure that we show constant growth and continued improvement while we maintain our investments in our franchise and in business developments so that we can manage both for the short and the long term.

I will now turn it over to Robert Cardinal.

MR. R. CARDINAL: Thank you, Réjean.

My comments will cover the following two subjects: first, the 2006 results compared to 2005 and to our stated objectives for 2006; and secondly, the review of our fourth quarter results versus Q3 and last year.

Let me start with our 2006 results compared to 2005.

For 2006, net income including discontinued operations amounted to $70.3 million for an EPS of $2.48 compared to $65.3 million last year for an EPS of $2.26. ROE was 8.2% compared to 7.8% last year. This year’s results included $0.20 of

EPS from discontinued operations compared to $0.41 last year. Both years included the recognition of $5.2 million of deferred gains on the sale of BLC-Edmond de Rothschild as sales significantly exceeded the minimum requirements while 2005 included the original gain on the sale of BLC-Edmond de Rothschild and the loss on the seed capital in the R family of funds.

Net income from continuing operations in 2006 reached $65.6 million or $2.28 per common share compared to $55.6 million and $1.85 per common share in 2005. This represents an increase of 18% for net income and 23% for the EPS.

I can say that 2006 was a good year for Laurentian Bank. The progress of our earnings resulted mainly from the four following factors.

The first one: a further improvement in the net interest income mainly due to a loan and deposit growth; to tighter asset and liability management, and the redemption and issue of $150 million of debentures at a lower rate. Net interest income grew by $31.5 million or 9.7% to $357.2 million. The net interest margin increased to 2.14% in 2006 compared to 1.99% in 2005. Growth in our personal loans reached 7% and 3% in residential mortgages, in residential mortgage loans net of securitization.

The second factor: Other income was $173.5 million, a decrease of $2.9 million of which a $4.5 million reduction in fees and commissions on loans was attributable to the sale of Brome Financial. We had significant improvements in credit insurance income, of Brokerage, while Securitization and Treasury and Financial Markets' revenues were reduced as asset and liability management continued to be focused on net interest income maximization rather than creating Treasury gains.

The third factor: Non-interest expenses increased by $19.7 million or 5.2%. Salaries and employee benefits increased by $13.5 million due mainly to our pension fund costs. More employees and higher compensation costs related largely to the development of our Banking and Brokerage networks and business development activities. Other expenses rose by $6.9 million mostly related to business development activities and higher professional fees for compliance activities.

The final factor: The Bank benefited of a lower tax rate. The effective tax rate for 2006 was 26.3% excluding the impact of several important items of a non-recurring nature explained on the bottom of page 6 of our press release. The effective tax rate for 2006 would have been 27.4% compared to 30.6% in 2005. This lower rate in 2006 results from the increase in investments in Canadian securities that generate tax exempt income, such as dividends, and results also from a corporate reorganization that reduced the tax rate on foreign credit insurance income. Note 9 to the interim consolidated financial statements provides further information on the income tax expense.

As Ray mentioned, we met our main objectives for 2006 as reported on page 2 of our press release. Growth in all business segments and the favourable effect of taxes have been the major factors contributing to this year's achievements. Our efficiency was slightly higher mainly due to higher expenses in salaries and benefits, business development and compliance activities. Improvement in our efficiency remains a high priority for 2007.

Now, let us review our results for the quarter.

For the fourth quarter of 2006, EPS from continuing operations was $0.65 compared to $0.60 in the third quarter, excluding the important tax charge of $11 million or $0.47 per share resulting from the adoption of the 2006 federal budget. Return on equity for the fourth quarter of 2006 reached 8.4% compared to 7.7% excluding the tax charge in the third quarter. Total revenue was slightly lower due to lower securitization revenues and Treasury and Financial Market operations. Non-interest expenses were slightly higher due to salary and employee benefits. All these variations were more than offset by lower income taxes. Note 9 to the interim financial statements attached provides further information on the quarterly income tax expense.

Compared to the fourth quarter of 2005, EPS from continuing operations rose by 6% to $0.65 versus $0.61 last year. Growth in net interest income was slightly offset by lower securitization income. Lower tax expenses and loan losses contributed to increased earnings despite higher salaries and benefits.

This completes my comments.

Now, Bernard.

MR. B. PICHÉ: Well, thank you, Robert, and good afternoon everyone.

Treasury and Financial Markets' other revenues stood at $15.2 million for the year compared to $16.2 million for the previous year. On a quarterly basis, Q4 other revenues were at $4.2 million compared to $4.8 million for the same quarter last year and $5.1 million for the previous quarter.

For their part, asset and liability management activities continued to bring good results, contributing this year again to the sustained improvement in the Bank's net interest margin. For the year ended October 31st, 2006, the net interest margin improved to 2.14% from 1.99% last year. On a quarterly basis, net interest margin reached 2.19% in Q4 compared to 2.06% in Q4 of last year and 2.16% for the previous quarter.

As mentioned before, the margin improvement has been quite substantial again this year, but the greater part of that improvement is now behind us.

Securitization revenues were at $1 million for Q4 as compared to $4.9 million for the same quarter last year and $2.2 million for the previous quarter. There were no new securitization transactions this quarter as the growth of our activities was financed out of our excess liquid assets. New securitization transactions should be expected in the coming quarters as one of our sources of funding for the continued growth of the Bank's lending activities.

For its part, Laurentian Bank Securities had a strong fourth quarter with revenues of $7 million as compared to $6 million for the same quarter last year and $5.1 million for the previous quarter. Institutional fixed income, as well as Retail Brokerage revenues, both contributed to this good performance.

I look forward to 2007 with great enthusiasm.

For Treasury, 2006 was not an easy year. However, we will continue to strive to increase Treasury's contributions. Indeed, for example, liquidity management will be more focused on sources of dividend income to achieve more tax efficient revenues. Furthermore, new foreign exchange and letter of credit Web site platforms to be released this spring should help improve our international sales' effort to the commercial side. Also, we will continue to work on our asset liability management to help sustain the Bank's net interest margin in this highly competitive banking environment.

Finally, Laurentian Bank Securities will pursue the development of its activities with a special emphasis on the institutional equity area, which is progressing according to plan.

This concludes my remarks, and I will now turn to Luc Bernard.

MR. L. BERNARD: Thank you, Bernard.

Our discipline has paid off in 2006. Despite pursuing important investments in our business development capacity, the Retail sector has produced interesting results on a year-over-year basis showing a stable profitability, an increase of 2% in average deposits, an increase of 7% in average loans, a recurred growth of mortgage loans reaching $500 million. Net interest income was up by 2.6% while non-interest income grew by 8.6%. We did not waiver from our initial plan by scrambling for a bigger market share but maintained our focus on increasing our share of wallet.

Looking to the future, 2007 will represent another milestone in the deployment of our strategic plan with a focus on improved wealth management solutions and long-lasting improvement of efficiency.

I would like to thank my team for their discipline and express my strong confidence in their ability to pursue our goal to increase profitability.

This wraps up my comments, and I would now like to turn it over to André Scott, Head of Commercial.

MR. A. SCOTT: Thank you, Luc.

A satisfactory year for Commercial Financial Services. Excluding the core activities of Brome sold in the first quarter, our assets grew by 4.5% resulting in an increase of more than $3.1 million in revenues or 4%. Loan losses decreased by $2 million or 15% reflecting the continued improvement of the quality of our portfolio. Overall, the contribution to consolidated results was $22.7 million compared to $21.5 million last year, a 5.3% increase.

It has been a busy year for our group. Last spring, we reorganized our sales force in Quebec. Focused on business development and with accrued accountability, our regional managers are now better supported by sales and risk management groups, and we have seen the level of activity pick up in an extremely competitive environment.

We also hired a seasoned banker to lead our major account group in Quebec, an area where our growth had been lagging.

We launched our new signature, MAXAFFAIRES, to support our marketing efforts and are invested more than ever in targeted activities. One of our recent initiatives is our participation in the Entrepreneur Expert concept, an innovative concept from a Montreal based newspaper.

Another significant innovation is our MAXAFFAIRES dashboard, a simple, secure and efficient service that allows the electronic transfers of our clients' financial data to us. Not only is there time and money saved, but we can provide our clients with instant access to their financial report card. After a satisfactory trial in Ontario this fall, it is now available in French, and we are planning a roll-out in the upcoming months.

We also developed a new platform to handle small commercial loans, i.e. less than $250,000. Simple underwriting, reduced officer time, automatic risk management are the main benefits we will seek on this initiative. We also converted our centre in Kitchener to our first commercial branch in Ontario permitting an extended service offering to our clients.

Finally, while more selective than ever, our Real Estate Financing Group is still going on all cylinders and will re-enter the CMBS originator market next year, thus diversifying our revenue base.

Thank you to all the team, and I now pass it on to François Desjardins for B2B Trust.

MR. F. DESJARDINS: Thank you, André.

B2B's results for the fourth quarter and the 2006 fiscal year highlight the strategic strength of focusing on niche markets where there exists a competitive advantage and providing quality products and services to these markets.

Fiscal 2006 net income grew by 27% to $24.3 million or $5.2 million better than the prior year. For the fourth quarter, net income was $6.3 million or $1.1 million greater than the prior year's quarter. However, the result was $0.4 million lower than the record-breaking third quarter of 2006.

This last year, B2B Trust focused on the core products it offers to the financial intermediaries' community. The result was a year-over-year revenue growth of $1.8 million or 9% in the fourth quarter or $8.6 million or 11% for the fiscal year. In 2006, investment loan volumes grew by $249 million; mortgage loans grew by $53 million; and our deposit broker business grew by $287 million.

B2B's marketing and business development efforts were dedicated to higher margin products resulting in an increased net interest income margin and higher profitability. The overall net interest spread in our business lines increased by 10 basis points in the fourth quarter compared to the prior year's quarter and 12 basis points when compared to fiscal 2005.

Provision for loan losses in the fourth quarter and for the fiscal year was $0.4 million lower than the prior year's quarter. Credit quality for the loan portfolio reflects the continued pursuit of good lending practices. At year end, over 94% of the loan portfolio is composed of secured credit.

Moreover, our team dedicated additional energy to the creation of a more efficient and smoother administrative process. As a result of their efforts, the additional volumes were handled without a corresponding increase in expenses, and the efficiency ratio improved to 50.3% in the fourth quarter of 2006 and 50.6% for the fiscal year. On a year-over-year basis, the efficiency ratio has improved by over 400 basis points.

B2B has closed the year with a balance sheet of $2.8 billion in loans, $5.1 billion in deposits, and is entrusted with over $5.1 billion in self-directed client assets under administration.

In 2007, we will pursue our growth and development plan by first, maintaining the focus on the financial intermediaries market, a focused, compatible and profitable business model; second, increasing business development and marketing efforts to improve the top lines; and third, continuing to invest in a stable, efficient and flexible growth oriented operation.

In short, the busy team has had a great year, and we are off to a great start with the recent signature of the Fidelity agreement. I am extremely proud of our management team, our managers and our employees.

This wraps up my comments. I now turn it back over to Gladys.

MS. G. CARON: Thank you, François.

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

OPERATOR: Thank you.

Pour poser votre question, appuyez sur *1. Si vous désirez annuler votre question, appuyez sur le dièse.

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.

The first question is from Michael Goldberg from Desjardins Securities.

Please go ahead.

MR. M. GOLDBERG (Desjardins Securities): Thank you. Can you hear me?

MR. R. McMANUS: Yes.

MR. M. GOLDBERG (Desjardins Securities): Okay. A couple of… a number of questions actually for Robert.

What is your stock appreciation rights expense in the fourth quarter?

MR. R. CARDINAL: I think it was very… very small. Marc or André, would you have the… because the stock did not move very much from the third to the fourth quarter, and we did not report it because it is about the same level as the same quarter last year.

MR. M. GOLDBERG (Desjardins Securities): Okay. And your personal saving and checking deposits at year end?

MR. R. CARDINAL: I am afraid I do not have that number with me.

MR. M. GOLDBERG (Desjardins Securities): Okay.

MR. R. CARDINAL: Just maybe you could call me after the call, after the conference call, Michael.

MR. M. GOLDBERG (Desjardins Securities): Okay. Now, looking at the tax items, it seems like there is a couple of things that are going on that are sustainable, namely the increase in tax exempt income and your increased use of – I presume it is – offshore reinsurance in your creditor life. So, you know, those things – I guess – are sustainable, and then it looks like you had an irregular tax benefit on top of that in the fourth quarter.

The two questions I have is: How much did the irregular tax benefit actually add to earnings in the fourth quarter? And what should we be thinking of as a normal tax rate going forward? And I guess finally I would ask: If tax exempt income is going to become larger, perhaps you should start reporting a tax equivalent adjustment also.

MR. R. CARDINAL: Okay, good questions, Michael.

I will start by your tax rate on a sustainable basis.

In fact, you probably got all this information on page 6 of our press release. We put there an extract of the notes to our financial statements explaining the tax rate for 2006, and we added certain comments on the bottom of page 6 which state that effectively on a recurring basis, there are two important items that will reduce our tax rate in the future, which are tax exempt income, such as dividends, and the tax savings on foreign operations.

We said that excluding the one-time or non-recurring items, the tax rate would have been 27.4% in 2006, and that is a very good indication of the tax rate for the following year, for 2007.

For the fourth quarter, you are right that our effective tax rate was lower than the 26% for the whole year. It was in fact only 18%. And if you go in the tables, we provide the detailed information for the quarter exactly like we do for the whole year on page 6. In fact, we have benefited in the fourth quarter of the conclusion of the strategies that finally reduced the effective tax rate to 18%.

In the future, you said maybe we should report on a tax equivalent basis. That is something we will look at for the following quarter, and we will look at what other banks do because on a sustainable basis, we will have tax savings of those two natures and possibly others.

MR. M. GOLDBERG (Desjardins Securities): So what actually was the dollar amount of the benefit in the fourth quarter?

MR. R. CARDINAL: In the fourth quarter, it was approximately $3 million. I will give you the note to look at. It is Note 9 on page 25.

MR. M. GOLDBERG (Desjardins Securities): I know, but that reconciles your tax rate.

MR. R. CARDINAL: Okay, but if you look on the table on the top of page 25…

MR. M. GOLDBERG (Desjardins Securities): Yes.

MR. R. CARDINAL: …the reconciliation provides both the rate and the tax savings. So there are three items there adding to about $3.3 million, the left column.

MR. M. GOLDBERG (Desjardins Securities): Yes.

MR. R. CARDINAL: If you add 837, 253 and 2.122 million, that is the tax savings we had in the third quarter, and those are of a recurring nature, except that corporate reorganization was a little bigger in the quarter than for the whole year.

MR. M. GOLDBERG (Desjardins Securities): I know, but I think that what that is doing is it is taking your statutory rate on your pre-tax income and then calculating what the tax would have been at that rate, and ultimately it gets down to the 41.05 that you actually reported. So the corporate reorganization, did it increase your pre-tax income at all?

MR. R. CARDINAL: No, it did not increase the pre-tax income. In fact, if we had paid the full tax rate, we would have had a charge of $7.3 million, but because of the two savings, foreign credit insurance income and dividends plus reorganization, instead of having a tax expense of $7.3 million, we had $4.1 million. So that is a saving of $3.3 largely due to dividends and the credit insurance.

MR. M. GOLDBERG (Desjardins Securities): Okay, thank you.

OPERATOR: Thank you.

The next question is from Sumit Malhotra from Genuity Capital Markets.

Please go ahead.

MR. S. MALHOTRA (Genuity Capital Markets): Good afternoon.

My first question is in regards to net interest income. It was nice to see the margin continue to expand up 3 basis points on the all-bank level, but I was surprised to see that net interest income on a quarterly basis actually declined, and it looks like the average assets were down versus Q3 with the biggest decline coming in the other segment. There was no securitization activity in the quarter.

So can you explain why average assets in that segment seemed to drop so sharply? Everything else was on track.

MR. R. McMANUS: Robert.

MR. R. CARDINAL: Well, I was not… Could you repeat your question please?

MR. S. MALHOTRA (Genuity Capital Markets): Sure. Average assets being down 1% quarter over quarter even though there was no securitization activity.

MR. R. CARDINAL: Yes.

MR. S. MALHOTRA (Genuity Capital Markets): Why was that?

MR. R. CARDINAL: I think it was due to liquidity…

MR. S. MALHOTRA (Genuity Capital Markets): Right. Sorry, just to be more clear. If you look at it on a segmented basis, on a quarter over quarter basis, every segment was off in terms of average assets, except for other, and usually that declines along with securitizations, but this time it dropped by 23%.

MR. R. McMANUS: Okay. Just a second. Marc.

MR. M. PARADIS: And in fact, Robert is totally right. The reason why the assets went down …(inaudible)… average liquidities went down from one quarter to another, and our liquidities are all within the other sectors. That is why.

MR. S. MALHOTRA (Genuity Capital Markets): Sorry, I cannot hear you that well and I think you are saying in regards to liquidity. Could you just provide a little bit more detail on that?

MR. B. PICHÉ: I would have to look at it. I do not see any major elements. In terms of the total liquidities or modified liquidities, our ratios are very good. I will have to check. I do not have the quarter. I have the year-over-year numbers in front of me but I do not have the quarterly, so I am a bit…

MR. S. MALHOTRA (Genuity Capital Markets): Okay.

MR. B. PICHÉ: I do not think there is anything meaningful in there. It might have been the broker having a somewhat lower level.

MR. S. MALHOTRA (Genuity Capital Markets): Okay.

MR. B. PICHÉ: I can come back to you on this.

MR. S. MALHOTRA (Genuity Capital Markets): Okay, thank you.

The next question would be in regards to Other Income. Obviously, net interest income had a very good year. You have been pretty open about the fact that you think the case of margin expansions is going to start to slow a little bit. So that will turn our focus to Other Income. Even if we exclude the $7.8 million for Brome on a year-over-year basis, other income was up only about 2 or 3%.

Which areas of the other fee income do you think will be your key drivers in 2007? Where are you looking for better results?

MR. R. McMANUS: Well, one thing, the reason our Other Income was down, as we mentioned earlier, it is our Treasury revenues were down compared to budget, and we hope to see going forward further improvements hopefully in 2007, our budgeted is for higher revenues from Treasury.

MR. R. ROBITAILLE: But there is also… There is also… We want to focus on sales of high margin products, and that includes the Visa card where we have, well, we had – I think – significant growth this year. The same thing in terms of mutual funds, and well, the deposits. So, based on the fact that we will focus on these three products, we will also want to increase, as Ray mentioned, our Treasury revenues.

MR. S. MALHOTRA (Genuity Capital Markets): Okay. And the last question probably for Réjean as well.

Ray has talked about in the past that the Bank historically has used a dividend pay-out ratio target of 40 to 50%. Now that you have done a lot of good work over the last two years in getting the earnings level up and you are targeting another solid increase in 2007, are we to the point where we can start to think about perhaps seeing an increase in the quarterly dividend in 2007?

MR. R. ROBITAILLE: Well, I think that we are within our range. As you know, our pay-out ratio, the range is between 40 and 50%. We are within it, and we will re-evaluate our dividend payment on a quarterly basis.

MR. S. MALHOTRA (Genuity Capital Markets): Okay, thank you very much.

MR. R. ROBITAILLE: You are welcome.

OPERATOR: Thank you.

The next question is from Susan Cohen from Dundee Securities.

Please go ahead.

MS. S. COHEN (Dundee Securities): Thank you.

Ray, good luck in all your future endeavours.

MR. R. McMANUS: Thank you, Susan.

MS. S. COHEN (Dundee Securities): You are welcome. And in terms of a question, the arrangement with Fidelity, any kind of ballpark projections of what kind of volumes you might expect with that kind of alliance?

MR. F. DESJARDINS: Obviously for competitive reasons, I am not at liberty to say, but I can say this. We are very honoured to have Fidelity as a new partner, and I think that this new relationship will only contribute to the attainment of our goals.

MS. S. COHEN (Dundee Securities): And at this point, B2B did have a pretty good year. Are there expectations of additional alliances that might be close to fruition in the near term?

MR. F. DESJARDINS: We are always on the lookout to sign agreements with distribution partners. I cannot say at this time that we have more than the usual amount of potentials in the pipeline although it has been a constant. If you look at the past quarters and year, it has always been one of our priorities to increase that.

MS. S. COHEN (Dundee Securities): Okay. Thanks very much.

MR. F. DESJARDINS: You are welcome.

OPERATOR: Thank you.

The next question is from Ian de Verteuil from BMO Capital Markets.

Please go ahead.

MR. I. DE VERTEUIL (BMO Capital Markets): First of all, I wanted to echo Susan's comments. Congratulations, Ray, on a job well done! I remember being on these conference calls when the question was not when the dividend would go up.

…(laughter)…

Good luck in all your future plans.

One of the things that it seems, it seems as if, when I look at the balance sheet and aggregate, you did not use securitization as much this year to fund the growth of the balance sheet, but it did look as if you used, you know, repose. Can you talk a bit about funding the growth of the balance sheet as we go forward here? I hear a lot of positive statements on securitization as a funding source. Why have you not used as much of that?

MR. R. CARDINAL: In fact, we have used, Ian, if you look on page 23, we have used more securitization this year than last year. We… Volumes were about $640 million. Securitization is used to fund the core business of our Bank. When there is a difference between the loans that we are making and the retail deposits that we get, securitization is used to close that gap. This year, we have had a great year on the loan side and a good year on the deposit side too, but there were shortcomings that were handled through the securitization.

You should not read too much in the repose level. I am sure you see that from last October to this October, there is a big rise in the repose.

MR. I. DE VERTEUIL (BMO Capital Markets): Yes.

MR. R. CARDINAL: But in fact, it is last October that is a bit out of sync. We had $60 million of repose last year, and we have a billion. If you look at the last two or three quarters, we are more in the $750 million. That is relating to our Brokerage and Capital Market activity, and more specifically to the Brokerage.

So, as part of our liquidity, there is a growing portion now that is what I call for lack of a better word the rating book of the Brokerage operation, and that rating book is constituted of highly liquid Canada and province of Quebec, and all of that is easily funded short term through the repose market. So that is really only on the capital market side. We are not funding deposits or having loans in the branch network through the repose. This is really an arbitrage between repose and institutional short-term borrowing that we can do. And last year, we had a lot of institutional borrowing from provinces and all of that. This year, we had more securities that are easily securitized, and that is what we have been using, not securitized but reposing.

MR. I. DE VERTEUIL (BMO Capital Markets): That is very… That is a great answer.

Looking back at the level of securitization and the fact that securitization revenues are down quite a bit this year, and I know Q4, you did not do a securitization whereas you did one in Q4 of last year, but is the decline simply a reflection of rising rates in the period over the last 12 months? So sharply rising rates means that when you go to the securitization market, you do not take as much of the up-fronting into income and if we were to have sort of a more benign interest rate environment, the securities gains… the securitization income would rise even if the level of securitization was relatively stable?

MR. R. CARDINAL: Well, as you are aware, Ian, we have not done any securitization this quarter. So that certainly explains the low, the million dollars that we have posted on that.

As for the rest, you are absolutely right. Securitization revenues will depend on the shape of the yield curve, the movement of interest rates between the time we did the mortgages even if we hedge them and the time we go to securitization. So all of those can affect.

Also, you know, we could decide to do some on-balance sheet transactions. So we know that next year, we will probably have still an imbalance between the loans that we are making and the retail deposits, and securitization will be used. The amount of revenue that it would generate is really difficult to predict.

MR. I. DE VERTEUIL (BMO Capital Markets): That is helpful. Thank you.

OPERATOR: Thank you.

The next question is from Dennis Westfall(ph) from Merrill Lynch.

Please go ahead.

MR. D. WESTFALL (Merrill Lynch): My questions have been asked and answered. Thanks very much.

OPERATOR: Thank you, sir.

We have a follow-up question from Michael Goldberg from Desjardins Securities.

Please go ahead.

MR. M. GOLDBERG (Desjardins Securities): Thank you.

My other question was asked and answered, and I too want to wish you all the best, Ray. It has been a pleasure dealing with you.

MR. R. McMANUS: Thank you, Michael. I appreciate it.

OPERATOR: Thank you.

There are no further questions registered at this time.

I would like to turn the meeting back over to Ms. Caron.

MS. G. 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.

End of conference call

Laurentian Bank of Canada (the “Bank”) may from time to time, in this transcript and in other documents filed with Canadian regulatory authorities or in other communications, make forward-looking statements within the meaning of applicable securities legislation, whether written or oral, including statements regarding the business plan and financial objectives of the Bank. These statements typically use the conditional and words such as “prospects”, “believe”, “estimate”, “forecast”, “project”, “should”, “could” and “would”, etc.

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 be prove to be inaccurate.

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. These factors include, among other things, 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 resource and environment. The Bank cautions that the foregoing list of factors is not exhaustive.

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