CORPORATE PARTICIPANTS

Gladys Caron
Moderator

CONFERENCE CALL PARTICIPANTS

Réjean Robitaille
CEO

Michel Lauzon
CFO

PRESENTATION

OPERATOR
Good afternoon, ladies and gentlemen.

Welcome to the Laurentian Bank conference call.

I would now like to turn the meeting over to Ms. Gladys Caron. Please go ahead, Ms. Caron.

GLADYS CARON
(Vice President, Public Affairs, Investor Communications and Relations, Laurentian Bank)

Merci. Bienvenue. Good afternoon, everyone.

Our press release was issued today on Canada NewsWire, and it's posted on our website.

This afternoon's overview of our second quarter of 2011 results will be provided by our President and CEO, Réjean Robitaille, as well as by our CFO, Michel Lauzon. Other members of our senior management team are also present on this call to answer any questions. You will find their names and positions on slide 22 of the presentation available on our website. Réjean Robitaille and Michel Lauzon will refer to that presentation throughout their speeches.

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

I will now turn the floor over to Réjean Robitaille.

RÉJEAN ROBITAILLE
(President and Chief Executive Officer, Laurentian Bank)

Thank you, Gladys, and good afternoon, ladies and gentlemen.

In the second quarter of 2011 Laurentian Bank continued to make solid progress. I'm pleased to report that we increased our profitability year over year, despite tougher market conditions and competitive pressure on interest margins. We continued to generate growth in loan and deposit portfolios, even though we increased our focus on margins over volumes. Specifically, residential mortgages, including securitized loans and commercial mortgages and loans, grew by 10 per cent and 12 per cent respectively. As well, we experienced a significant improvement in credit quality. This reflects our strong underwriting capabilities and risk management practices.

Efficiency remains a key priority for the Bank. Our expenses did grow. However, ongoing investment in business development and finance service resources and systems are essential to support our long-term growth objectives. The substantial progress that the Bank has made, combined with the confidence that we hold in our future, enabled us to once again increase our quarterly dividend by 8 per cent this time or $0.03 per share.

As shown on slide 4 of our PowerPoint presentation for the second quarter of 2011, earnings per share increased by 7 per cent year over year. Relatively stable margins sequentially and strong growth in other income contributed to net income, reaching $30.1 million in the second quarter. Return on equity was 10.7 per cent. And this was the best second quarter on record in our 165 years of history.

Turning to slide 5. After six months, management believes that the Bank should meet its overall profitability objectives as set out at the beginning of the year. This should be facilitated by good credit quality and an appropriate approach to expense management.

Our objectives of revenue growth and efficiency are slightly below target. But this is largely due to a slowing in real estate activity since the beginning of the year. We continue to focus on increasing profitability as our number one priority.

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

MICHEL LAUZON
(Chief Financial Officer, Laurentian Bank)

Thank you, Réjean.

Financial highlights of the second quarter of 2011 can be found on slide 6. Total revenue increased by 4 per cent year over year. As expected, growth was constrained by sustained pricing pressure, which continued to impact interest margins. However, we were particularly pleased with the broadly based 15-per-cent increase in other income, and a $12 million provision for loan losses reaching its lowest level in the past two years.

Higher expenses associated with continued investment spending, pension, and regulatory costs pushed non-interest expenses up by 9 per cent year over year. In the second quarter of 2011, diluted EPS and ROE reached $1.13 per share and 10.7 per cent respectively, compared with the $1.06 and 10.9 per cent in the second quarter of 2010.

I will now discuss the main drivers of the Bank's performance during the second quarter of 2011. Firstly, net interest income of $116.4 million in the second quarter of 2011 decreased slightly from $117.6 million in the second quarter of 2010. A substantial year-over-year growth in loans and deposits did not fully offset lower interest margins. As highlighted on slide 7, the net interest margin, at 2.01 per cent, was 9 basis points lower than the net interest margin earned in the second quarter of 2010.

A few factors can explain most of this decline. First, a change in hedging strategies related to securitization activities initiated in the first quarter of 2011, which generated a shift of some net interest income to other income. Second, competitive pricing pressure. And finally, the continued runoff of high-margin point-of-sale loans. Margins in the second quarter of 2011 were in line with the guidance that we provided last quarter. In an environment where pressure on pricing remains intense, the Bank's focus remains on profitable growth as opposed to volume growth.

Secondly, other income of $69.3 million in the second quarter of 2011 was 15 per cent higher than a year earlier. As shown on slide 8, this increase was broadly based. Given market conditions that have prevailed in the first half of 2011, the Bank's strategy has been to fund most of its loan growth through securitizations. It has been a favourably-priced funding source. This quarter $449 million of mortgages were securitized, which resulted in net securitization income of $7.6 million.

Income from brokerage operations rose by 21 per cent in the quarter compared to a year earlier. This was a result of favourable market conditions and business development initiatives.

Income from sales and mutual funds and card service revenues increased by 18 per cent and 17 per cent respectively year over year. As these are two product lines that are being targeted for their growth potential, it is encouraging that substantial growth is being generated.

Thirdly, as highlighted on slide 9, provisions for loan losses of $12 million in the second quarter of 2011 were $4 million lower than a year ago, and $3 million lower than in the previous quarter. This reduction was a result of significantly lower provisions on commercial mortgages and commercial loans, reflecting the improving credit quality of this portfolio, as well as lower provisions on personal loans, largely reflecting lower losses on point-of-sale financing as we strategically exit this business. While the provision for residential mortgages was higher, the increase was related to a limited number of residential condominium projects.

Going forward, from these loan levels, the possibility of some quarterly volatility in provisions exists.

Slide 10 highlights the credit quality of the loan portfolio and our effective approach towards risk management. The improving trend of impaired loans continued in the second quarter of 2011, with gross impaired loans of $155.3 million, $32.8 million lower than at yearend 2010. Meaningful progress was made in the commercial loan portfolios while the retail portfolio continued to be positively impacted by borrowers benefiting from improving employment conditions and persistent low interest rates. Net impaired loans of $7 million reflect the high level of provisioning. Not since 2008 have net impaired loans been this low.

As presented on slide 11, the efficiency ratio for the first six months of 2011 was 70.8 per cent. Specifically in the second quarter of 2011 the ratio was 72.6 per cent, reflecting higher non-interest expenses, coupled with ongoing competitive pricing pressure affecting margins.

I would like to take this opportunity to provide some additional colour on expenses. Slide 12 highlights several items that contributed to the increase of $11.3 million in non-interest expenses in the second quarter of 2011 compared to a year earlier. Regular annual salary increases that went into effect on January 1st accounted for $1.5 million of the increase, while other salary and employee benefits further impacted expenses by $2.2 million. Higher payroll tax rates and pension costs accounted for an additional $2.6 million.

The accounting treatment surrounding pension costs will be reviewed as we transition to IFRS.
Our growth in development and service quality initiatives, which involved hiring additional personnel, largely within B2B Trust and our commercial sectors, resulted in incremental costs of $1.5 million.

Premises and technology costs related to ongoing business growth and improving efficiency, as well as amortization expenses added another $2.8 million to expenses.

We believe that our continued investment in business development and resources supports the Bank's long-term growth objectives and contributes to strengthening its positioning.

Various other expenses accounted for an incremental $0.7 million. It should also be noted that regulatory requirements are embedded in these overall additional expenses, and have also significantly contributed to the increase.

Despite a very competitive environment, particularly outside of Quebec, we were pleased that the Bank continued to grow its loan and deposit portfolios. As highlighted on slide 13, total loans and BAs, including securitized assets, rose by $1.4 billion or by 7 per cent over the last 12 months. Contributing to this growth were residential mortgages, which, including securitizations, increased by $1 billion or 10 per cent. Personal loans rose by 3 per cent while we continue to reduce our exposure to point-of-sale financing by an additional $199 million since last year. We're also very satisfied by the 12-per-cent growth in commercial mortgages, loans and BAs.

Deposits increased by 5 per cent. Retail deposits continue to provide a stable and diversified source of funding at comparatively attractive rates, and represent 80 per cent of our deposit base. At the end of the second quarter our capital position remained strong, with a tier-one capital ratio of 11.1 per cent, and a tangible common-equity ratio of 9.3 per cent, which reflects the high quality of the Bank's capital.

Furthermore, considering the Bank's good capital position and the nature of its operations, and based on our understanding of the Basel III rules and our assumptions, our pro forma April 30, 2011 common-equity ratio would have been 7.2 per cent. The tier-one ratio under the new Basel III rules would be 9.2 per cent. Therefore, the Bank is well positioned to meet upcoming capital requirements.

On slide 14 we highlight the impact of IFRS, given the information that we have today. At transition, securitizations are expected to gross up the balance sheet by approximately $3.5 billion, while the impact on equity should be relatively neutral. Going forward we will have higher assets and liabilities on our balance sheet, and higher net interest income, but lower margins and other income. Expenses should also be lower from reduced pension costs, pending review.

We will now turn to the performance of our business segments on slide 15. All of our business segments reported revenue growth in the second quarter of 2011 compared to a year earlier, with the exception of retail in SME Quebec where revenue was relatively flat.

Slide 16 shows that retail in SME Quebec's contribution to net income of $10.1 million in the second quarter of 2011 was equal to that earned a year earlier.

Despite volume increases in loan and deposits, the continued runoff of the point-of-sale financing portfolio, as well as competitive pricing, resulted in a slight decline in net interest income.

Other income increased modestly, largely as a result of higher card service revenues and higher income from sales of mutual funds.

Loan losses fell sharply to $6.8 million in the second quarter of 2011 from $11.5 million a year earlier, owing to improved economic conditions in Quebec, as well as a reduced exposure to point-of-sale financing. A $4.4 million increase in non-interest expenses as a result of increased salary costs related to additional headcount in the SME area, regular annual salary increases, and higher payroll taxes and pension costs.

Slide 17 highlights the real estate and commercial segments' contribution to net income of $12.5 million in the second quarter of 2011 compared to $13.7 million a year earlier. Revenue was up slightly to $29.7 million in the second quarter of 2011 compared to $29.1 million in the second quarter of 2010, largely as a result of 9-per-cent loan growth.

While relatively low levels of loan losses prevailed in the second quarter of 2011, losses nonetheless increased to $4.8 million from $4 million a year earlier. Non-interest expenses rose by $1.7 million year over year, of which $0.7 million related to reversal of provisions benefited the second quarter of 2010 with the remaining $1 million related to higher salary and allocated costs.

As shown on slide 18, B2B Trust's contribution to net income was $10.3 million in the second quarter of 2011, compared to $11.4 million a year earlier. Net interest income rose by 5 per cent to $28.3 million in the second quarter of 2011. Good volume growth and mortgage loans last year and favourable margins on the high-interest investment accounts and term deposits were partly offset by tighter margins on investment and mortgage loans. The credit quality of this portfolio remains very strong with loan losses remaining low at $372,000 in the second quarter of 2011.

Non-interest expenses rose to $16 million in the second quarter of 2011, compared to $12.8 million a year earlier. This increase was attributable to higher salary and employee benefits related to regular salary increases and a significant investment in business development and service centre headcount, as well as higher allocated technology costs, all with the aim of enhancing service levels at B2B Trust, making strides towards operational excellence.

As can be seen from slide 17, Laurentian Bank securities' and capital markets' contribution to net income was $2.7 million in the second quarter of 2011, compared to $2.6 million a year earlier. Revenues grew to $17.9 million in the second quarter from $15.3 million last year. Favourable market conditions and good performance from all divisions contributed to this growth.

Non-interest expenses increased to $14.1 million in the second quarter of 2011 from $11.7 million in the second quarter of 2010. Higher variable compensation costs from higher transaction volumes and new representatives accounted for most of this increase.

The other sector, presented on slide 20, posted a negative contribution to net income of $5.5 million in the second quarter of 2011, compared with a negative contribution of $9.3 million in the second quarter of 2010. Net-interest income slipped to negative $11.7 million in the quarter compared to negative $8.7 million in the second quarter of 2010. The decline is largely due to the lower level and yield of securities, as well as from the increase in the reversal of net-interest income related to a higher level of securitized assets.

Other income for the second quarter of 2011 was $8.3 million compared to $1.4 million a year ago. The increase was mainly due to higher securitization income.

Non-interest expenses decreased to $5.7 million for the second quarter of 2011 compared to $6.3 million for the second quarter of 2010.

Higher salaries and benefits were more than offset by lower technology costs and net of allocations to other business segments.

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

RÉJEAN ROBITAILLE
Thank you, Michel.

And as the Bank celebrates 165 years of operations, it is a time for reflection on the past and planning for the future. This milestone could not have been reached without the understanding that our clients are at the root of the Bank's success. The Bank will continue to provide the excellence in service that clients are deserving of. Our client-centred approach has not gone unnoticed as Laurentian Bank has been recognized for the past three years as the second most admired banking institution in Quebec. Each of our business segments has contributed to our rich history, and will feature prominently in our bright future.

The retail bank's roots are long and deep. Throughout history the retail bank has always upheld proximity to clients as a core value. This principle was extended to small and medium enterprises when the Bank was granted permission to serve this market as well. Today we serve our retail clients through state-of-the-art and distinctive financial-service boutiques, as well as through virtual and mobile channels, and provide expert advice to our SME clients. We will carry the strength of our past into our future and preserve this fine tradition of remaining close to our clients while simultaneously continuing to innovate.

The real estate and commercial business segment has been operating for more than 20 years. It is widely recognized by larger commercial clients and real estate developers for offering fast turnaround time and uncompromising execution. This strong reputation contributes to the profitability of the segment.

B2B Trust is celebrating 10 years of operation. We are very proud of the fact that over this relatively short period of time it has become the leader in serving the financial intermediary market. B2B Trust will not rest on its laurels, but instead continues to improve its processes in order to reach its ultimate goal of operational excellence.

Laurentian Bank Securities offer clients integrated brokerage services by a bank-owned firm with a boutique mentality. It has a long history of being recognized as a choice provider of fixed income institutional brokerage services. More recently, it has been expanding its retail brokerage operation and building out the institutional equity division, the latter which now has a strong team of sales, trading, research and corporate finance professionals last month celebrated its fifth anniversary.

With 165 years of history, we combined the wisdom that comes from maturity and experience with the energy and innovation of youth. The Bank will confidentially forge ahead, delivering sustainable growth and profitability to its numerous stakeholders.
I will now turn the floor back to Gladys.

GLADYS 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
Thank you. We will now take questions from the telephone lines. If you have a question and you're using a speakerphone, please lift your handset before making your selection. If you have a question, please press *1 on your telephone keypad. If at any time you wish to

cancel your question, please press the # sign. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question's from John Reucassel from BMO Capital Markets. Please go ahead.

JOHN REUCASSEL
Thank you. Réjean, I just want to make sure I understand what you said about your targets for this year. It looks like it's going to be hard to reach your efficiency targets and revenue growth targets. Is that what you're saying to us for this year?

RÉJEAN ROBITAILLE
Well, what I said is that we still expect to meet our profitability target, mainly the one on EPS and ROE. After six months we're a little bit on the low side for the efficiency ratio and the overall… but we're over at 5 per cent after six months. But it could be, particularly on the efficiency ratio, a bit tougher to meet our objective this year. As for profitability, we remain confident that we should meet those targets.

JOHN REUCASSEL

And the productivity, that's mainly a route… that's a bit of a combination, but how much is that driven by the route... slower store revenue growth as opposed to the higher costs?

RÉJEAN ROBITAILLE
I would say that… well costs were higher this quarter over quarter at 9 per cent. I think that Michel explained that well, and you have a slide in the PowerPoint presentation considering that. It's maybe on the high side. Usually in the past we were mostly in the 6- to 8-per-cent range. So it's not unusual to have, for us, that kind of increases in expenses. As for other income we're used to high other income… other… total revenue, we used to have a higher level of that. And it seems that with the competitive environment right now there's a little bit more pressure on this. So I would say probably roughly 60 per cent comes from revenue, 40 per cent from expenses.

JOHN REUCASSEL
Okay. And then you talked and Michel also mentioned that you're going to focus on margins and not volume growth. Are you sensitising us to the fact that loan growth is likely to slow?

RÉJEAN ROBITAILLE
Well, maybe I could add on this, John. At the beginning of the year when we set objectives and we said that we should have some type of growth than the one that we had before, in the previous years. And roughly it's going well on that side.

And to give you a little bit more colour on this, in Quebec particularly, when we compared where we are right now versus where we were in the first six months of last year, we're in advance. On the small and medium enterprises we're roughly the same. And B2B, it's going quite well on the investment loan side, though on the mortgage side we have voluntarily decided to reduce our level of growth. Why's that? Because there is a price war there, and we won't sacrifice, as I said earlier, margins for volume.

Maybe François, if you want to add on this. François, Head of B2B Trust.

FRANÇOIS DESJARDINS (President and Chief Executive Officer, B2B Trust)

Sure, Réjean. I mean not much more to say except for as you know, this year, pricing has become extremely competitive. Even I've heard the word, irrational, be used. I don't think it's going to last forever, but at this time we can't be seeking volume growth at the expense of profitability. We have a competitive offer out there. We continue to fuel growth, so we still have pretty good growth – I would say strong single-digit growth – but not at the level that we had last year.

RÉJEAN ROBITAILLE
And as we said in the previous conference call, overall we expect that we should be in the mid-to high-single-digit-loan growth for all of our business lines.

JOHN REUCASSEL
Okay. And then maybe a last question for Michel. Michel, could you just… The seasonal impact of this quarter versus the first quarter, how many... was it roughly $0.03 or $0.04 a share in earnings or...? I guess there's three fewer days. What was the impact on this quarter?

MICHEL LAUZON
The impact from three less business days would be roughly $0.04.

OPERATOR
Thank you. The next question is from Dave Mun from RBC Capital Markets. Please go ahead.

DAVE MUN
Good afternoon. I just wanted to drill down on the expenses a little bit more. On slide 12 of your

presentation you laid out a number of expense increases. Are those all… are there any one-time items in there? Or said differently, are those really run-rate-expense increases? Because if we see industry revenue growth pressured via slowing personal lending growth or pressured margins, other than I guess the pension expense review next year, are there areas where we could see or you could see lower expenses? As an example, the headcount in B2B or commercial or technology costs? Are those all sort of run rate or are there areas where you can cut?

MICHEL LAUZON
We're always looking for opportunities to cut expenses. We are very diligent at managing our costs where we feel we can be very effective. However, we're not going to sacrifice long-term growth for our short-term, bottom-line improvement.

There are… I'd say there are a few things there that could be seen as one-timish, but the level of expense growth should remain, as Réjean said, between 6 and 8 per cent year over year for the next few quarters. Some things like payroll taxes, those are to expect payroll tax increases announced last spring. Those, in terms of the annual comparison, will roll off next quarter. Pension is an expense item for this year. And as I said, pending review, depending on what we decide on IFRS and discount rates on their pension liabilities at the end of the year, that could roll off as well next year significantly.

Technology costs, we have been investing more in our system, CRM, new ATMs, new financial service boutiques and those costs are built into our amortization expenses, and so those are run rate from that perspective.

There were a few things in terms of incentive comp year over year or quarter over quarter, which increased our incentive comp this quarter. But there are accrual timing issues and they're very hard to plan ahead. So they could be slightly lower in the next few quarters.

OPERATOR
Thank you. The next question is from Sumit Malhotra from Macquarie Capital Markets. Please go ahead.

SUMIT MALHOTRA
Hi. Good afternoon. Just on your comment on not sacrificing margin for volume. It actually looks like, on a managed basis, your loan growth was not bad this quarter. I think it's just under 2 per cent. So, in making that comment, you also said something about competitive pressures not being as bad in Quebec. Could you maybe give us a little bit of colour there in terms of do you expect things to get worse in Quebec, which is why you make that statement? Or is there just a situation where you see yourself… we're going to keep pricing where it is, and if business goes somewhere else, that's…, we're prepared to live with that?

RÉJEAN ROBITAILLE
Well, on the retail side, based on what we're seeing right now, it seems there's more competition outside of Quebec than in Quebec, and particularly in the western part of the country on the retail side.

We've seen some – François mentioned – not rational things in Ontario also. A little bit less in Quebec, and we expect that should be also a little bit less in Quebec.

So even… we're just comparing the objectives that we set at the beginning of the year saying that we were quite confident that we will meet our loan growth targets, which were quite... I would say probably more aggressive than some of our competitors.

What we're seeing right now is in Quebec and in commercial sectors it's going quite well. But on the mortgage side only, and particularly outside of Quebec, we have decided to, let's say, postpone and look at the situation right now. We don't have a retail branch network outside of Quebec, so there's less cross-sales activity, and we have to look at the situation overall, and look at the overall profitability.

With that said, it is still quite interesting, as you said, Sumit, that we have… we continue to have significant loan growth in our portfolio.

Michel will also add on this.

MICHEL LAUZON
Okay. I just want to mention something at the tail end of John Reucassel's last question. He asked me a question about the impact of the fewer days on EPS. I answered $0.04, and sorry, it's $4,000,000 and $0.10 impact on the three less days. So I just wanted to correct that, so you make sure you had the record straight. Sorry about that.

SUMIT MALHOTRA
Okay, Michel, while you're there, in a situation where it sounds like new originations of loan growth are going to slow, is it still appropriate to think about between $350 and $450 million a quarter of securitizations as you've done in the first half of the year?

MICHEL LAUZON
As we've mentioned, the run rate in terms of mortgage underwritings in Quebec, in particular, has been very strong, and so the funding requirement is still there. We have seen good deposit growth and we are looking at

10- and 12-per-cent-loan growth year over year. So even though there has been a slowdown we think the $400 million, it does remain the cheapest level of funding we have other than retail deposits. And so it's still appropriate for the time being.

If for whatever reason deposit growth increased or loan growth slowed significantly in the fourth quarter, we'll review our fourth quarter numbers as a result. But based on our funding planning right now, $350 to $400 is the number.

SUMIT MALHOTRA
Okay. Last question is on the line that you call brokerage operations. It seemed like capital market-wise, for most of your peers this was... or larger peers, it was a somewhat softer quarter than in Q1. But you had a very strong brokerage revenue number. I know there's a few things that are included in this line. Could you just give us a little bit of detail on what exactly drove the $3-million-plus uptick quarter over quarter?

RÉJEAN ROBITAILLE
Okay. Sumit, I'll ask Michel Trudeau, head of Laurentian Bank Securities and Capital Markets to answer that question.

MICHEL TRUDEAU (Chief Executive Officer, Laurentian Bank Securities and Capital Markets)

Thanks, Réjean. Good afternoon, Sumit.
Basically what we've done over the last few years, as you probably know, is expanded and developed in new business segments. And starting in 2010 we've transitioned from building mode to bring it to profitability, notably the institutional equity and the retail brokerage business. And so, in turn, during the second quarter of 2011, both businesses started generating greater income and profitability sliding to the mix. So it's a greater mix and a better mix of revenues.

And we continue, I have to say, to invest, but very prudently because I think you just pointed out that capital markets has been challenging and quite volatile. So we're very cognizant of that, and our business growth is slower and very, very targeted in this environment. So notably, a better diversification of revenues from all of our business line accounts for it.

OPERATOR
Thank you. Once again, please press *1 on your telephone keypad if you have any questions.

The next question is from Michael Goldberg from Desjardins Securities. Please go ahead.

MICHAEL GOLDBERG
Thanks. In the first quarter you had indicated that the tax rate was low due to investment gains in treasury and one-time investment gains in offshore insurance. Why was the tax rate low again in the second quarter at 22.5 per cent?

MICHEL LAUZON
Thanks for the question, Michael. This is Michel. We were right. Last quarter that is exactly what happened. This quarter we had an even better performance on security gains in treasury. And the mix of revenues was more towards dividend capital gains than the prior quarter. So that improved the tax rate a bit more than what we expected, which is a good thing. And also our mix of revenue by province and by subsidiary was actually favourable this quarter. And so we had a little bit of a lift on our tax rate because the income was originating from better places. And as expected, the offshore source was a bit lower because of the one-time impact in the first quarter. So overall, we did a little bit better, and we offset that one-time item by better tax management and origination of income.

MICHAEL GOLDBERG
I just want to get this clear. So there's more dividend income this quarter. So other banks are typically providing the tax equivalent adjustment to neutralize that effect and show what the impact is on margin. What would you say the impact would be if you did that?

MICHEL LAUZON
I don't have the number, Michael. It has traditionally been a very small portion of our income statement, and so we didn't find it was materially important to do that.

It does have an impact on the tax rate, as you know. We look at it from time to time whether or not it's a disclosure which we feel would be material to your understanding of what's going on. This time it was just slightly elevated. We'll look into it again and see whether or not there's a need to do that going forward. But I don't have the number with me.

MICHAEL GOLDBERG
I would normally expect around a 26.5-per-cent tax rate. Is that a reasonable run rate expectation?

MICHEL LAUZON

No, Michael. That’s high. Remember there’s a federal tax rate drop this year of 1.4 per cent. We will have a run rate of securities gains and dividend income on an ongoing basis. We do have offshore operations, which generate revenues. And we do try to source income in the lowest tax jurisdictions as possible. So this year, based on what we have in place, normally we should expect something in the 23- to 25-per-cent range, and maybe on the low side of that.

MICHAEL GOLDBERG
Thank you very much.

OPERATOR
Thank you. There are no further questions at this time. I would now like to turn the meeting over to Ms. Caron.

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

OPERATOR
Thank you. The conference is now ended. Please disconnect your lines at this time. We thank you for your participation.
