Speech by Bernard Piché
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As Head of the Bank's Treasury operations, I would like to start by saying that in terms of both available assets and capitalization, the Bank is well poised to support the sustained growth of its business lines.

The Tier 1 Capital Ratio remains sound at 10.2%, compared to 10.5% for 2004. The Total Capital Ratio was at to 12.3% from 14% in 2004. The decrease is mainly attributable to the growth in loan portfolios. It is also a result of our capital structure optimization initiatives carried out during the year, such as the redemption of Series 6 Debentures. This decision allowed us to significantly reduce our financing costs while maintaining our capitalization at an adequate level.

The main highlight of the last year – well, in fact of the last six to seven Quarters – was, without a doubt, the significant improvement of the Bank's net interest margins.

In fact, some two years ago, the Bank completely revised its asset/liability management practices. It coincided with the introduction of significant changes in the related accounting standards. The result is a much more structured approach to asset/liability management.

Moreover, as part of these efforts, the Bank also reviewed many management parameters to better reflect the performance trend of certain banking products. Overall, these measures resulted in a significant improvement in the Bank's net interest margins, with a certain decrease in treasury gains as other revenue.

In fact, other revenues of the Treasury and Capital Markets segment were down by $14 million for fiscal 2005.

Meanwhile, net interest margin stood at 1.99% in 2005, up from 1.64% in 2004. Thus, the Bank's asset/liability management efforts coupled with the sustained growth in the portfolios of our lines of business resulted in an 22%, or $58 million, increase in net interest revenues.

Furthermore, the Treasury and Capital Markets group expects to play a bigger role in the support of the lines of business in the development of performing products and tools. So, we'll focus on the ongoing improvement of our product offer: from international services and in particular foreign exchange, to innovative structured investment products, and finally retail and commercial brokerage services.

In particular, this year, in collaboration with Retail Financial Services, we launched the very first redeemable term note available in-branch. Usually distributed only through brokers, this product offers excellent potential returns.

We've begun the design and implementation of our new Internet-based foreign exchange platform that will allow us to better meet the needs of our commercial clients.

Finally, we also count on our Laurentian Bank Securities subsidiary to diversify our revenues and to supplement the service offer of our branch network. 2005 was a good year for our Brokerage division, though its contribution to the Bank's net income remained relatively unchanged compared to the previous year, essentially due to the investments made to strengthen its team and network. With 25 new investment advisors and 3 new office locations, Laurentian Bank Securities is better poised for the future and could increase its presence in the retail brokerage market.

The Brokerage division also launched a new M^3 product, a multi-dimensional Managed Account Program. Moreover, with the new fixed-income platform of Discount Brokerage now fully operational, we can offer a wide range of highly competitive online services.

As you can see, many of these initiatives complement the offer of the lines of business in the field of wealth management, which will remain a growth segment in the years to come.