LAURENTIAN BANK

CONFERENCE CALL

TRANSCRIPT

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CORPORATE PARTICIPANTS

Gladys Caron
Moderator

CONFERENCE CALL PARTICIPANTS

Réjean Robitaille
CEO

Michel Lauzon
CFO

PRESENTATION

Operator

All participants please stand by. Your conference is ready to begin. 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

Merci. Bienvenue, good afternoon, everyone. Our press release was issued today on Canada NewsWire and is posted on our website. As well, our 2010 financial statements and MD&A can be found on our website.

This afternoon we will review our results for 2010 and for the fourth quarter, 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 titles on slide 24 of the presentation, available on our website. Mr. Robitaille, Mr. 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 Company's cautionary note regarding forward-looking statements, please refer to our press release or to slide two of the presentation. I will now turn the floor over to Réjean Robitaille.

Réjean Robitaille, CEO

Thank you, Gladys, and good afternoon, ladies and gentlemen. 2010 was another record year for Laurentian Bank and I am very pleased with our results. I am particularly satisfied that despite uncertainties worldwide and fierce competition in most retail banking segments here at home, we surpassed last year's record results by more than 20 percent.

As highlighted on slide four, our revenue growth was strong in large measure due to main growth and development initiatives that are resulting in solid balance sheet expansion. Our increasing loan and deposit volumes testify to the success of our strategies to grow the bank organically. Our capital base is solid and will allow us to continue to progress.

Our performance in 2010 was even more significant taking in two accounts; that we were able to absorb higher loan losses, earn considerably lower securitization income, and did not benefit from income from discontinued operations. Thanks to the increasing diversification of our portfolios and our activities, we are now producing more core and sustainable reviews.

I would like to point out that our improving profitability and efficiency are not merely 2010 events; but, as highlighted on slide five, are trends that have been evolving over the past several years. Our three primary growth engines generated strong results in 2010 and contributed to net income reaching $122.9 million. That represents a 21 percent increase when compared to 2009 income from continuing operations. As for 2010, earnings per share; they stood at $4.63 which is 21 percent higher than in 2009. Return on equity reached 11.5 percent in 2010 compared with 11.4 in 2009 or 10.1 percent from continuing operations.

Turning to slide seven, we are particularly pleased to have reached or exceeded all of our objectives for 2010. The strong performance coupled with the confidence that we hold in the future has resulted in the dividend being increased by $0.03 per share or 8 percent to a quarterly rate of $0.39 per share. We have built a solid foundation to support our operations. We have created momentum to propel all of our businesses and we have assembled a group of talented and dedicated employees who contribute daily to the success of the bank. This will allow us to further capitalize on opportunities to pursue profitable growth as the bank celebrates its 165th year of operation.

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

Michel Lauzon, CFO

Thank you, Réjean. I will start with a few comments highlighting the fourth quarter results, which can be found on slide eight.

Total revenue rose by 6 percent year-over-year, reflecting an 8 percent increase in net interest income and a 3 percent increase in other income. The provision for loan losses at $16 million, while equal to the level a year earlier, declined by $4 million sequentially. Higher expenses, including salaries and benefits associated with various growth and service quality initiatives, as well as increased technology costs to support business activity levels, pushed non-interest expenses up by 3 percent year-over-year. Operating leverage was 3.1 percent in the fourth quarter. Diluted EPS and ROE reached $1.24 per share and 11.8 percent respectively in the fourth quarter of 2010, compared with diluted EPS and ROE from continuing operations of $0.99 and 10.3 percent respectively.

Now I will delve deeper into the results and discuss the main drivers of the bank's performance during the fourth quarter of 2010. Firstly, net interest income of $128.2 million in the fourth quarter of 2010 increased by $10 million from the fourth quarter of 2009. Strong year-over-year growth in loan and deposits was largely responsible for this increase as margins contracted slightly. As shown on slide nine, at 2.15 percent in the fourth quarter of 2010, the margin was four basis points lower than a year earlier, mainly as a result of the sustained competition for retail customers, a flatter yield curve, and the continued low interest rate environment. The margin was seven basis points lower sequentially due to the previously mentioned factors, as well as a reduction in mortgage prepayment penalties that benefitted third quarter 2010 results.

Secondly, other income rose by $1.6 million from the fourth quarter of 2009. This was achieved despite securitization income declined by $5 million year-over-year. The increase in fees and commissions on loans and deposits, credit insurance income, and revenue from mutual fund sales all resulting from solid core business growth contributed to higher other income. As well, income from treasury and financial market operations improved by more than $5 million from the fourth quarter of 2010 compared to a year earlier, as the results for 2009 were negatively impacted by net losses on securities of $3.5 million. Income from brokerage operations decreased by $2 million from a year earlier. In the fourth quarter of 2009 brokerage revenues had benefitted from the recovery in equity markets and a particularly strong performance from the institutional fixed income division.

Thirdly, as highlighted on slide 10, the provision for loan losses amounted to $16 million in the fourth quarter of 2010, equal to the fourth quarter of 2009. Lower losses on retail portfolios attributable in part to our reduced exposure to point of sale financing, as well as improved employee conditions helping the PCLs from other personal lending, were offset by higher losses in commercial portfolios. Fourth quarter 2010 loan losses declined by $4 million sequentially as in the third quarter of 2010 a provision was taken on a single commercial exposure.

Slide 11 highlights the credit quality of the portfolio. Gross impaired loans increased by only $5.7 million sequentially to reach $188.1 million. The trends that were established at the beginning of the year were improving credit quality in the retail portfolios was offset by the commercial portfolios persistent in the final quarter of 2010. Net impaired loans that totalled $50 million at year-end trended downwards this quarter, declining by 2.5 million from the end of previous quarter. We consider the overall credit quality of the loan portfolio to be good, reflecting our prudent approach to risk management. With a caveat of some lingering concerns regarding a more muted recovery, we should expect further improvement in the credit quality of our retail portfolios and a stabilization of losses in commercial portfolios.

As presented on slide 12, the efficiency ratio for all of 2010 improved to 68.4 percent compared to 70.8 percent for 2009, reflecting positive operating leverage of 3.8 percent. This ratio was 69.7 percent in the fourth quarter of 2010 compared with 71.8 percent in the fourth quarter of 2009, also reflecting positive operating leverage of 3.1 percent. While maintaining a sound approach to expense management, we have continued to invest in our businesses and in technology to improve our products, service, and distribution as well as our processes, while also having to absorb additional costs related to new regulatory requirements.

One of the main drivers of the bank's improving results is loan and deposit growth, as highlighted on slide 13. Total loans and BAs rose by $1.8 billion or 11 percent over the last 12 months. Contributing to this growth were residential mortgages, which increased by $1.4 billion or 19 percent, benefitting from our ability to meet customer needs, the low interest rate environment, slowly improving economy, and continued favourable housing market conditions. We would expect this rate of growth to slow somewhat as we look at lending conditions going forward. Commercial mortgages increased by $354 million or 28 percent as the bank was opportunistic and diversified its portfolio while upholding prudent and disciplined underwriting standards. Personal loans decreased by $24 million as year-over-year growth in investment loans and home equity lines of credit were offset by ongoing run-offs in point of sale financing. Total deposits increased by $1.4 billion or 8 percent over the last 12 months, with sustained competition from retail deposits that have been diversifying our deposit base, while growing commercial deposits, and returning to the institutional funding market.

I would also like to point out that our strong loan and deposit growth is not unique to 2010, but has been a core trend as illustrated on slide 14. Since 2006 loans and BAs and deposits have increased by 43 percent and 50 percent respectively.

Our solid capital base permitted this strong balance sheet growth. At year-end 2010 the tier-one capital ratio (inaudible) common equity ratio stood at 10.9 and 9 percent respectively. These ratios are up sequentially from 10.7 and 8.9 percent respectively. In November the bank issued 250 million 10 year medium term notes and recently announced its intention to redeem the 150 million subordinated debentures in January. These transactions will provide the bank with additional flexibility to pursue its growth initiatives and contribute to it meeting the pending final regulatory capital requirements.

With respect to these new capital requirements, we expect the Basel Committee to publish the final capital rules by the end of this month. Shortly thereafter OSFI should publish the application of these rules in Canada. Based on what is publicly known at this time we believe that the bank is well positioned to be able to meet the new ratios by the implementation date. Furthermore, based on our current financial and economic conditions, the bank would be able to meet the four new ratios by the end of the fourth quarter 2012 without the benefits of the phase-in period.

I will now turn to the performance of our business segments on slide 15. Our three primary growth engines reported improved revenues in 2010 compared with 2009 and sharply higher net income. Furthermore, as highlighted on slide 16, they each contributed equally to income this year, demonstrating the diversification of our activities. As for Laurentian Bank Securities, it remains an important segment within our business model and will contribute to our future growth.

Slide 17 shows the net income in retail in small and medium sized enterprises in Quebec in 2010 rose by 19 percent or $47 million when compared to the 2009 level of income from continuing operations. Total revenue rose by 6 percent compared to 2009 reaching $453.5 million. This increase was largely a result of continued growth in loan and deposit volumes, higher fee income, and higher prepayment penalties on mortgages. Initiatives to further develop other revenue streams from card services, credit insurance, and sales of mutual funds continued to produce benefits. Provision for loan losses decreased by $1 million as lower loan losses on the point of sale portfolio were partially offset by higher loan losses in the SME portfolio. Non-interest expenses rose by 6 percent in 2010, mainly as a result of increases in salaries, largely related to higher staffing levels to better serve our client base, as well as higher pension costs and payroll taxes.

As shown on slide 18, net income from the real estate and commercial segment rose by 43 percent in 2010 when compared to 2009. This was fuelled by revenue growth of 28 percent to $119.3 million in 2010, as loans and BAs increased by 12 percent or $331 million over the year. As well, initiatives to grow commercial deposits met with success. Loan loss provisions increased 24.1 million in 2010 from 9.8 million in 2009 as a result of a certain number of commercial and real estate accounts being impacted by the soft economic conditions, as well as from higher loan volumes. However, towards year-end there was some improvement in credit quality with net impaired loans showing a decline. Non-interest expenses decreased by 26 percent to $24.8 million in 2010, as the results for 2009 included charges related to specific operational issues that were mostly recovered early in 2010.

Slide 19 shows the B2B Trust net income improved by 45 percent to $46.4 million in 2010, compared with a year earlier. Revenue rose by 24 percent to $124.6 million with net interest income increasing by 23.5 million to 114.2 million, benefitting from loan growth of 16 percent or $735 million. Deposits, which totalled $9.2 billion at year-end 2010 represent an importance source of funding for the bank. Lastly, B2B Trust margins improved from the first half of 2009 owing to the end of the introductory promotional pricing on the high interest investment accounts.

Loan losses, which include provisions for investment lending declined by $3 million in 2010 from $4.3 million in 2009, reflecting the high quality of portfolios and prudent underwriting standards. Non-interest expenses rose by $5.4 million to $54.4 million owing to higher staffing levels and higher salaries and benefits and overall costs associated with increased business activity. Initial employees were hired to better serve and support the independent financial advisors with whom B2B Trust conducts business.

As can be seen from slide 20, the net income contribution of Laurentian Bank Securities decreased by $2 million to $10 million in 2010. Retail brokerage and institutional equity divisions reported improved performance, which was offset by a weaker performance from capital market operations and the fixed income division. As well, non-interest expenses rose owing to higher variable compensation in the brokerage business and salaries related to hiring new employees to support growth.

The other sector, presented on slide 21, posted a negative contribution to net income by $29.5 million in 2010 compared with a negative contribution of $16.4 million in 2009. While net interest income improved as asset liability management activities contributed positively to results, securitization income declined sharply by $28.4 million in 2009 from—in 2010 from 2009 levels. Interest spreads on securitized loans narrowed and the mark-to-market revaluation of sellers swaps affected results.

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

Réjean Robitaille, CEO

Thank you, Michel. Underlying our record profitable team 2010 and our balance sheet growth are many accomplishments. Time will not permit me to present an exhaustive list, but a sampling from each of our business segments as highlighted on slide 22, helps to link our accomplishments with our performance.

In 2010, within retail (inaudible) Quebec, we extended our distribution channels for mobile banking teams, increased the presence of financial planners in our branches, rolled out our CRM to all of our financial advisors' desktops, and brought in specialist teams to serve the Quebec small and medium enterprises market.

Within real estate and commercial, we opened the real estate loans indication desk and increased our staff complement by 15 percent. Within B2B Trust we increased sales of prime mortgages through mortgage brokers which generated over $600 million of new loans in 2010 and expanded our relationships with managing general agencies. Within Laurentian Bank Securities and capital markets, we expanded our fixed income presence in Canada and further developed our institutional equities and retail brokerage operations.

Lastly, on a bank-wide basis, we continued to strengthen the skill set of our managers by enrolling each one in leadership training through a Laurentian Bank Academy.

I cannot review the accomplishments of 2010 without mentioning the upgrade of our credit rating by Standard and Poor's announced this summer, which confirmed the progress that the bank has made over the past few years. All this to say that we have much to show for 2010. What's more, we have momentum and we are confident that this momentum will be carried into 2011.

Having achieved all of our goals in 2010, for 2011, as shown on slide 23, we are raising the bar even further. I would like to highlight that we are targeting diluted earnings per share of $4.80 to $5.40, as well as an ROE of between 11 and 13 percent. While the uncertainty presented by the North American economy lingers, as does the unprecedented low interest rate environment, we will continue to be committed to the pursuit of profitable growth. We have delivered now six years of consecutively increasing earnings per share and we will continue to make the calls and take the actions that are required to produce sustainable core growth and double-digit returns.

Before turning the floor back to Gladys, I would like to mention also that we will be hosting our first annual investor forum in Toronto on January 28, 2011. More details will follow shortly. Gladys?

Gladys Caron

Thank you, Réjean. At this point, we'd 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.

QUESTION AND ANSWER SESSION

Operator

Thank you. Merci. We will now take questions from telephone lines. If you have a question, please press star, one on the telephone keypad. If you are using a speakerphone, please lift the handset and then press star, one. If at any time you wish to cancel your question, please press the pound sign. Press star, one at this time if you have a question. There will be a brief pause while participants register for questions. Thank you for your patience. We do have a first question from John Ruecassel from BMO Capital Markets. Please go ahead, sir.

John Ruecassel

Thank you. Réjean, could you just talk about the competitive environment? Is it more competitive now than it has been during the year or is the level of competition in your markets stayed relatively stable? Can you just give us an update on what you're seeing now?

Réjean Robitaille, CEO

I would say that it's a little bit more competitive than what it was in early 2009. That said, we'll also ask François Desjardins to talk about his market, and Luc Bernard to talk about the retail in Quebec. But the overall environments seem relatively stable. François, your side?

François Desjardins

I would echo what you just said. From early 2009, yes it's increased, but from the last conference call and during this year I would say that it's relatively stable.

Réjean Robitaille, CEO

And Luc, on the retail side?

Luc Bernard

Yes, this side of the market, slowdown in increase opposition, which (inaudible) the same pace of growth in 2011.

John Ruecassel

Okay, so it hasn't—so as the competition on pricing or is it terms or out—what I the—where are you seeing most of the pressure?

Réjean Robitaille, CEO

I would say that's probably more on the pricing side. On the volume side, well according to the results that we have just shown, another very good year in terms of results. We are expecting the same type of growth for 2011, the same type of growth, the rate growth that we have in 2010. So pressure on pricing, but that said there's still room for us to continue to grow.

John Ruecassel

Okay. And then last question, just the—you have raised the ROE target range from 10 to 12, to 11 to 13. You know, is there, you know, your 11.8 percent in the quarter, is this just a better mix of business or why are you more comfortable today on the high ROE target range?

Réjean Robitaille, CEO

I think that we—we're understanding that we have to look in the past of with—all the accomplishments that we have done, and we have done a lot. We have invested a lot in our business, development over the last few years, and I mentioned some in my comments earlier, I mentioned some accomplishment that we did in 2010. So we are well positioned to continue to see such type of growth that we have seen over the last few years. And here at Laurentian Bank, I know the whole, the employees, know that we continuously raising the bar. So we will continue to raise the bar. So that's explained the 11 to 13 percent level of ROE for next year.

John Ruecassel

Okay, so let me ask another way. If I was to look out longer term, you know, three to five years, you know, you keep raising the bar, then it would be—would it be safe to assume that, you know, three to five years now you'll be targeting a 13 to 15 percent ROE or is that—are we moving too fast ahead of ourselves?

Réjean Robitaille, CEO

You're not moving too fast. That's where we're heading.

John Ruecassel

Okay. Thank you.

Réjean Robitaille, CEO

Thank you.

Operator

Thank you. Merci. Our next question is from Mr. Michael Goldberg from Desjardins Securities. (French spoken) Michael Goldberg, Desjardins Securities. Please go ahead. (French spoken).

Michael Goldberg

Thank you. Réjean, you talked about, or Michel, you talked about POS run-off in the fourth quarter and during the year, holding back growth in personal loans. How much run-off was there actually and what was the growth in personal loans excluding this run-off? And how much point of sale is still left to run-off? And over what time period would you expect that it's going to disappear?

Réjean Robitaille, CEO

I would say that, in fact, that portfolio was a few years ago as $1.5 billion level. It's now around, let's say, a little bit more than 500 million. So we have over the, say, three, last three, four years near a $1 billion of run-off on that portfolio. And even without including that, we were able to show very significant growth in all other portfolios. So as for the near future, we expect that that portfolio will continue to decrease mainly at a, I would say, $200, $250 million per year, and that explain I think that when you look at the overall situation growth in other personal loans was good, mainly through HELOCs and investment loans.

Michael Goldberg

Okay. And could you tell us about the initiatives that you have planned for 2011 to grow your distribution?

Réjean Robitaille, CEO

Depending of every, every business segment have their priorities for 2011. We mentioned that in fact in our MD&A that we published today, and it's a little bit of the same recipe. In fact, we continue to invest in business development and maybe I could ask some of the people around the table here to talk a little bit about their business segments. Michel Trudeau, head of Laurentian Bank Securities and Capital Markets.

Michel Trudeau

What we've done over the last few years to invest in our businesses in a very prudent manner, and we continue to do so. And we expect basically without starting new businesses to—that generate revenues must and will out-pace cost. So basically, as Réjean said so well, it's the same recipe. We innovated in a lot of new business lines in the last few years, including retail, institutional equity, and the point right now is going from building businesses into businesses specifically those two, that will generate profit. So basically same old, same old. Same recipe but solid execution.

Réjean Robitaille, CEO

François, head of B2B, on your side?

François Desjardins

I think that the two main strategies come under one umbrella of building banking that works for advisors. And those two strategies is to continue to develop our distribution forces, man power, and also electronic services, and exploring cross-selling opportunities but also new deals with new financial advisors. And the second is all about operational excellence, meaning getting to an error free, hassle free process that makes it so that advisors can concentrate on what's important to them and not dealing with operational or administrative issues.

Réjean Robitaille, CEO

Luc, retail side?

Luc Bernard

We'll still benefit from past investment and system, the deployment of our CRM. For 2011 we'll still invest in those area, and we're planning to add a few new branches and relocate roughly 10 new branches during the next year.

Réjean Robitaille, CEO

And on the commercial side, Michael, we want to continue to increase the numbers of account managers, mainly in their real estate activities and our national accounts.

Michael Goldberg

Okay, and one last question. You did say something about the high rate deposit in B2B but I didn't catch it. Have the balances in those deposits held up?

Réjean Robitaille, CEO

François, head of B2B?

François Desjardins

Sure. We have had no issues with redemptions in this portfolio, and as you know we're using different funding sources within the bank to ensure global funding. Our deposits are relatively table and are in line with our current funding strategies.

Michael Goldberg

Thanks, all. Thank you very much.

Réjean Robitaille, CEO

Thank you, Michael.

Operator

Thank you. Once again, please press star, one if you have a question or a comment. (French spoken). The next question is from Mr. Sumit Malhotra from Macquarie Capital Markets. (French spoken). Please go ahead.

Sumit Malhotra

Thank you very much. Good afternoon.

Réjean Robitaille, CEO

Good afternoon, Sumit.

Sumit Malhotra

First question, going back to the change in the ROE target. I know it's very slight, but if I look at the increase in return on equity objective and contrast that with the fact that the efficiency objective is still the same, would it be appropriate to assume that the bulk of the improvement in ROE in the coming year is targeted to be coming from either credit provisions or the tax rate?

Réjean Robitaille, CEO

Michel Lauzon will answer that question.

Michel Lauzon, CFO

We expect operating leverage to be flat next year. There is some pressure from regulatory costs, as with all other financial institutions. Even though we hope that from an implementing systems to improved efficiency in branch operations and other areas, we expect revenue growth to be 4 or 5 percent. That is our target for next year, on the strength of continued healthy balance sheet growth. But we're going to continue to invest in our businesses to sustain that top line growth. You're right that we hope that PCL, Provision for Credit Losses, have stabilized and are hoping for some downward pressure. But right now we categorize the situation as stable, and there are pre-announced tax rate declines in certain jurisdictions which will benefit the bank as well. And so that explains where we expect to improve our ROE next year.

Sumit Malhotra

It seems like, Michel, that usually around Q4 there always seems to be some kind of decrease in the tax rate that occurs in the last few years, and that happened again. So maybe we should concentrate more on the full year number, which was about 25.6 percent (inaudible).

Michel Lauzon, CFO

Yeah, you're right, Sumit. We should expect a tax rate between 25 and 28 percent next year. Q4 was affected by some favourable one-time, a favourable one-time event, which helped us in the quarter.

Sumit Malhotra

Okay, I mean, 25 to 28 is a range that we should think about?

Michel Lauzon, CFO

That's right.

Sumit Malhotra

Okay. Let's stay with that. If I move on to credit quality, you, you had suggested last quarter that it was likely to be more of a short-term blip in the provisions on the commercial side. We did see that tick back down. However—your provisions. However, your gross impaired loans continued to climb and that's somewhat at odds with the trends for the rest of the industry. I guess the good news, if you're going to see an increase in gross impaired loans, is that most of it seems to be coming this quarter anyway from the residential mortgage portfolio, which is, I believe in the case of Laurentian, half insured. Any colour you want to give us maybe in looking at credit more than just provisions? That book specifically, and then your overall view as 2011 progresses?

Réjean Robitaille, CEO

Sumit, Lou Marquis, Head of Credit, will answer that question.

Lou Marquis

As far as the impaired loan levels, we think we probably peaked and I viewed the increase in the quarter as not being that material. I'd like to point that the increase in residential mortgages is all related to one construction project out west, on which we expect no losses but which has been classified impaired. And looking for—we really appear to have peaked, and that has been demonstrated as we had a slight reduction in the net impaired loan situation. So barring unforeseen events, it will be stable or slightly down going forward.

Sumit Malhotra

Next question is in regards to Laurentian Bank Securities. I know you talked about this as the next driver of growth, certainly a good result in Q4 to end the year, maybe the best level of brokerage income specifically that we saw in 2010. Any, maybe, initiative-wise here, where are you seeing the best source of revenue growth there? I know there's a few different streams that are comprised within brokerage income, so maybe just a little bit of colour on what drove the solid results in Q4?

Réjean Robitaille, CEO

I'll ask Michel Trudeau, of Laurentian Bank Securities, to answer that question.

Michel Trudeau

I'll try and summarize it in sort of a brief four-sided answer I guess. The first one, 2010 was a bit more difficult for the fixed income side. It was alluded a bit earlier. 2009 was a very solid recovery in the second half with credit markets. Nevertheless, the fixed income side continues to expand, and so it had a relatively good year.

But really, what I've mentioned before is that we're turning the corner right now and we're going from building or a new start-ups mode in the institutional equities side as well as the retail brokerage, that are now generating profits and we intend to continue to expand that at a measured pace. I mean, I understand that we're impacted, all of us, by challenging capital markets and I think that going forward I don't think the sky is going to become blue overnight. But you know, I remain optimistic, so I think we're going to see further growth in those business segments.

As well, our capital markets in 2010 was not as strong as 2009 and we do believe we put the right ingredients in right now to move forward. And so basically it's a multitude of a small initiative to cross all businesses and so we're not taking one big bet in one business segment and we continue to expand at a measured pace.

Sumit Malhotra

Last question is for Réjean. You gave us some view on where you think you sit in terms of the new capital standards. It looks like you're in good shape there. Even with the dividend hike this quarter your pay-out ratio is still relatively low. You've talked in the past about wanting, once the bank was back on solid footing, so to speak, and you had some clarity on capital, that you were interested in acting more frequent dividend increases. Without particularly specific, when you think about the earnings profile the bank is on and the capital position, are we at that stage of the bank's evolution where we sit right now?

Réjean Robitaille, CEO

Well, I said in the past and I'll say it again, it is definitely our intention to increase our dividend more often than what we did in the past. Still, we have still some uncertainties concerning the Basel Rule, but if the Basel three rules stay the same, we expect further dividend increases in the future, definitely.

Sumit Malhotra

Thanks for your time.

Réjean Robitaille, CEO

Thank you.

Operator

Thank you. There are no questions registered 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 further questions, do not hesitate to contact us. Our phone numbers are listed on the presentation. Thank you.

Réjean Robitaille, CEO

Thank you.

Operator

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