LAURENTIAN BANK OF CANADA

SCOTIA CAPITAL - FINANCIAL SUMMIT 2006 – SEPTEMBER 12, 2006
PRESENTATION BY RAYMOND MCMANUS

(Slide 1) Good afternoon everyone. First I would like to thank you Kevin for having invited me to present at this financial conference. I am pleased to be here in order to provide an update on our latest financial performance and where we are in the execution of our business plan.

(Slide 2) No text

(Slide 3) During the past two years, we have seen consistent improvement in our results. In fact, compared with the same period last year, total revenue has increased by 7% and net income generated from continuing operations improved by over 20%. These improvements are mainly due to a higher net interest margin, as well as continuous growth in our loan portfolios.

(Slide 4) Although two major tax issues distorted second and third quarter results, overall they neutralized each other.

In the long term, the adoption of the 2006 federal budget will be positive for the Bank. Starting in 2008, we will benefit from a lower tax rate.

Once the balance of the 2006 federal Budget is adopted and the issue related to minimum tax on financial institutions takes effect, this change will have a very positive impact for the Laurentian Bank going forward. The minimum capital threshold will be raised from $220 million to $1 billion. Consequently, we will no longer have to pay the Part VI minimum tax requirement and will be able to use our tax assets to reduce income tax payable. By 2009 we should be able to reduce this non-productive asset to a similar level as the other banks.

For your information, as at July 31st 2006, our future tax assets were $102 million, representing 15% of our common equity compared to 4% on average for the industry.

(Slide 5) After the first 9 months, we are on target with all of our objectives but one. Return on equity reached 7.3%, earnings per share, $1.64, and total revenue increased to $396 million. However, our efficiency ratio was slightly higher than our objective, at 75.6%.

Furthermore, the recent redemption of our debentures Series 9 and the issuance of new debentures at a lower interest rate allowed us to maintain an optimal level of capital while reducing our funding costs.

Finally, credit quality is on target with our objectives.

(Slide 6) I am encouraged with the improvements in our performance as reflected in this slide which shows a 31% increase in our earnings per share compared to the first 9-months of 2005, and a 24% improvement in our income from continuing operations.

Our net interest income has progressed by 10%, while we continued to be prudent and disciplined on the expense and investment side with an increase of 6% of non-interest expenses.

Our approach in managing the Bank is a long-term one. For example, opening of new branches is crucial to future growth, as well as smart advertising in order to increase our visibility.

(Slide 7) During the third quarter, our three main businesses had equivalent contributions to our net income. However, due to their lower level of infrastructures, Commercial and B2B Trust generated higher returns compared to their total revenue. On the other hand, the Retail sector, which is the heart of the Bank, has a higher cost structure.

(Slide 8) If we look in more detail at the performance of each of our business lines, we see that Retail Financial Services assets and top line revenues continue to grow. However, net income was impacted by higher non-interest expenses and higher loan losses in the merchant loan and personnal loan portfolios.

As for Commercial Financial Services, net income has increased even with the sale of Brome Financial Corporation due to lower provisions for credit losses and non-interest expenses.

(Slide 9) B2B Trust continues to perform very well with higher revenues and lower provisions for credit losses plus continued improvement in its efficiency ratio. This business line benefited greatly from a growing investment loan portfolio over the same quarter last year.

And finally, Laurentian Bank Securities revenues remained relatively unchanged.

(Slide 10) I am very pleased with the fact that through a much tighter asset and liability management as well as growth in our loan portfolios, we have been able to significantly improve our net interest margins. This improvement however has tappered off and is expected to stabilize going forward.

(Slide 11) Our assets and deposits continue to grow. Total loans only increased by 2% over the same quarter last year. However, if we exclude securitized loans, our total loans grew by 7% or $836 million from July 31, 2005 to July 31, 2006.

(Slide 12) On a segmented basis, starting with Retail Financial Services, we are seeing growth momentum in Mortgage Loans, Mutual funds and Visa cards for the first 9 months of 2006.

When we compare the third quarter of 2006 versus the same quarter last year, Visa card volume grew by 8%. Mutual Funds and Visa cards are two very profitable products on which we put a lot of marketing emphasis in order to increase fee income.

(Slide 13) Commercial financial services continues to benefit from a growing real estate sector, as well as the mid-market in Quebec and farm lending.

As for the mid-market in Ontario, our strategic decision to improve our risk profile resulted in the reduction in loan exposures which in turn has translated into improved credit quality.

(Slide 14) Investment loans, which are the most important assets at B2B Trust, are showing strong growth. Generally speaking, improved performance at B2B is the result of a series of strategic initiatives aimed at increasing sales and optimizing operations.

(Slide 15) Going forward, reducing our provisions for credit losses and actual loan losses is a top priority. Provisions are currently running a 33 basis points of total loans. Our long term objective is to strive and get provisions below the 25 basis points level.

(Slide 16) Personal deposits is our main source of funding which grew from 77% in October 2005 to 81% at the end of the third quarter of 2006. When we compare ourselves to the average of the Big Banks, we are less reliant on business and other deposits as a funding source. We believe this provides Laurentian Bank with reduced risk and more stability.

(Slide 17) Asset under administration continues to grow over the same period last year. The main increases during the third quarter came from mortgage loans and client's brokerage assets. Self-directed products distributed by B2B Trust, continues to constitute the biggest part of our Assets under administration.

(Slide 18) Retail's priority is the acquisition of new customers. The expansion of our branch and ATM network is one of the key strategies to achieve this objective. 8 new branches have been opened and 31 new off-sites ATM's were added during the past 2 years. Results to date are very satisfying. Renovation of our existing network is also part of this strategy.

We are continuing in our sales and marketing efforts to increase the share of wallet of our customers. It is paying off, for instance, since October 2004, our Visa cards grew by 8%, credit insurance by 8.5%, personal lines of credit by 14.3% and mutual funds by 16.8%.

(Slide 19) For Commercial, our top priority is to improve our product and service offering. Our target clients are small and mid size businesses, with whom we must adopt a relationship Banking approach. In 2005, we initiated our Corporate Lending withdrawal which is now virtually completed. Originally at $750 Million we are now under $100 Million.

A restructuring of our sales force was done during Q2 2006 in order to maximize synergies between Commercial and Retail plus focus on business development.

We continue to put a great deal of emphasis on customer service. marketing, underwriting and monitoring.

(Slide 20) B2B is very focused, well managed and growing. The strong performance in 2005 as well as the nine months of 2006 is the result of a series of well executed initiatives, aimed at solidifying the foundation of this subsidiary. Priorities for the following months will be to continue to grow organically within the highest profit categories, while building even more solid organizational foundations.

(Slide 21) Although Laurentian Bank Securities is the smallest of our business lines, it is nevertheless very complimentary to our other activities.
In comparison to other security firms, it will remain small, but it is definitely in a growth mode.

Lately, significant investments were made in Retail, in order to position it for growth and last May, we announced a new business unit specialising in institutional brokerage services in the equity markets. The targeted clients are small and mid size businesses.

(Slide 22) In conclusion, going forward we will prioritize improvement in our profitability, efficiency as well as the development of our employees.

Last June, we announced that Réjean Robitaille had been appointed COO and will be replacing me as CEO in early 2007.

Réjean has been with the Bank for the past 18 years. He was previously Senior Executive Vice-President, Retail and Commercial Financial Services. Prior to that, he worked at different departments such as treasury and internal audit. I am certain he will go a great job. He has the leadership skills, as well as the in-depth knowledge of the Bank to be successfull.

Since his nomination, we have been working closely together in order to ensure a smooth and efficient transition. Réjean will be supported by a strong and dedicated Management team.

One thing is for sure, we will continue to manage the Bank for the long-term in order to become the undisputable #3 in Quebec and a performing niche player elsewhere in Canada.

Thank you for your attention and I would be pleased to answer any of your questions.