

**NOTES FOR A SPEECH BY RÉJEAN ROBITAILLE, PRÉSIDENT AND CHIEF  
EXECUTIVE OFFICER, TO THE NATIONAL BANK FINANCIAL – CANADIAN  
FINANCIAL SERVICES CONFERENCE,  
2:15 P.M. ON MARCH 26, 2008  
AT THE CENTRE MONT-ROYAL, IN MONTREAL**

**Caution regarding forward-looking statements**

This speech and related communications may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Laurentian Bank. These statements are subject to a number of risks and uncertainties. Actual results may differ from results contemplated by the forward-looking statements. Such differences may be caused by factors which include, among others, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Laurentian Bank does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

**Only the delivered speech shall be considered as authoritative**



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

**(Slide 1-2)** Good afternoon Ladies and Gentlemen:

Thank you Rob for having invited me to present at this Financial Services Conference.

I am pleased to be with you today to make an overview of Laurentian Bank's strategies as well as to present our recent results.

**(Slide 3)** In view of the current uncertain markets, I would like to start by saying a few words about Laurentian Bank's management approach.

Our results have significantly improved over the last few years, as a result of the pragmatic and efficient strategy put in place. From 2004 to 2007, ROE improved by 137%.

These efforts aimed at promoting growth and development within the Bank have not been carried out to the detriment of risks. On the contrary, we have improved our risk profile. Laurentian Bank is more than ever managed in a conservative manner. Our financial situation is good with a solid balance sheet and strong capital ratios. At 10.3%, the Tier 1 Capital ratio is one of the strongest in the industry. We also benefit from a high level of liquidities.

Furthermore, we have a very limited exposure to non-bank sponsored asset-backed commercial paper and have no exposure to sub-prime, CDOs, CDS or SIVs.

**(Slide 4)** We will for sure pursue the well-focussed strategy and the prudent approach we have adopted and will emphasis on a rigorous and disciplined execution. I personally believe that success comes with a strategy which incorporates the four following components:

- First, knowing who we are:
  - We are a regional retail bank with our main market in Quebec and are geographically well diversified, with activities elsewhere in Canada in targeted profitable niche segments.
- Second, a good focus:
  - We can't be everything to everyone. And, we also have to bet on our strengths and be smart enough to give up markets in which we are not



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

strong. Consequently, we focus on markets in which we have a competitive edge. These are:

- Retail and SME Quebec
- B2B Trust
- Real Estate financing

We have identified these three sectors as our growth engines. In order to accelerate our business plan, our business development investments are mainly in these three markets.

- After knowing who we are and having a good focus, the third component is to establish our priorities which are: to increase profitability, to improve efficiency and to further develop our human capital:
  - Profitability: it was important to reduce the gap between our peers and us, to rapidly reach the double-digit return and to ensure that our growth is sustainable. This is why we continue to invest in our infrastructures. We want to both ensure short-term profitability and long-term development.
  - Second priority, to improve efficiency: by reviewing processes in order to optimize our administrative efforts and thereby reinvest the savings in growth generating activities.
  - And the third priority; to develop human capital. Banking is a people game and we have the chance to count on a very dedicated group of employees. We have to give them the support they need to continue to develop themselves.
  - All our investment and management decisions should be in line with one of these priorities. If not, we don't invest in them.
  - And lastly, strong execution
  - Execution is key. That's back to basics. I'm amazed to see how difficult execution can be for companies in general. That's why at Laurentian Bank, we're putting more emphasis on becoming better operators.

And it works as shown in the following slide.



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

**(Slide 5)** Core results were strong for the first quarter of 2008 with an ROE of 10.9% and an EPS of \$0.91 per share. These results excluded a \$5.6 million unfavourable tax adjustment during this quarter.

Total revenue increased by 7% in the quarter, compared to our annual objective of 5%. Higher net interest income was generated by loan and deposit growth and better asset mix.

We continued to focus on sales of high margin products such as credit cards and mutual funds. Other income also increased due to higher securitization income.

Once again, the Bank benefited from positive operating leverage, with a growth of 7% in total revenues, compared with an increase in non-interest expenses of 4%, mainly in salary and technology expenses related to business development.

Excluding tax adjustments in the first quarters of both 2007 and 2008, net income improved by 25%, and diluted net income per share increased by 30%.

**(Slide 6)** These results are in line with our objectives for 2008.

To date, ROE, net income per share, total revenue, efficiency ratio and capital ratios have reached interesting levels.

Now let's turn to the reasons why we have such results.

**(Slide 7)** Excluding securitization activities, our total loans and BA's increased by 13% and our total deposits rose by 8% over last year.

In terms of dollars, total loan and deposit portfolios, excluding securitization, increased by more than \$2.7 billion during the last 12 months. Portfolios that performed the best are investment loans, residential mortgages and commercial real estate. They grew by 59%, 11% and 24% respectively.

Targeted strategies in our growth engines, actions and business development investments have allowed us to generate excellent internal volume growth.



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

**(Slide 8)** Our efficiency ratio improved significantly over the last years. The drivers for improving our efficiency are to grow the top line and to improve our processes.

The ratio reached 71.9% in the first quarter of 2008 compared to 73.2% for the year 2007. Moreover, since 2004, this ratio has improved by 770 basis points. Once again, focus, priorities and execution have proven their worth.

Over the last years, while our expenses were well contained, our revenues progressed mainly due to the growth of our portfolios and the increase of our net interest margin.

Now, let's look at our margin.

**(Slide 9)** Over the last years, our net interest margin has improved significantly.

Tighter asset and liability management as well as liquidity management contributed partly to this sharp improvement. A strong loan portfolio and better asset mix also contributed to reinforce it. The decrease in the prime-BA spread brought challenges to our team but they succeeded in keeping the margin at a high level, presently the highest of the Big 6.

**(Slide 10)** There is also another element of our financial structure that helps us to maintain a strong net interest margin, and this is our high proportion of personal deposits, as shown on this slide.

At the end of 2007, personal deposits, a cheaper source of financing, accounted for 83% of total deposits and almost 70% of our total funding.

**(Slide 11)** Our efforts over the last few years have allowed us to substantially improve the credit quality of our loan portfolios. We have considerably reduced our risk profile over the last years, primarily by exiting the corporate loan sector and having more rigorous credit underwriting processes. We now concentrate on SMEs in the commercial sector, which is a natural market for Laurentian Bank. That is another example of a better focus.

Risk management is very important for the Bank. This is why we manage our risks in a very prudent manner and closely monitor our loan and securities portfolios as well as the credit and market environments.



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

**(Slide 12)** I would now like to comment on some of the initiatives we have undertaken for each of our three priorities.

In terms of profitability, the efficient marketing and sales strategies that we adopted resulted in an increase of more than \$2 billion of our loan and deposit portfolios.

We also continue to build on a highly customer-focussed culture aimed at increasing our customer share of wallet. To achieve these levels of growth, we have put a lot of emphasis on the sales of high-margin products. Compared to the same quarter of last year, revenue growth recorded for credit cards and mutual funds rose by 16% and 12% respectively. In line with our objective of being the best bank for all our customers, and thus being their main banker, we will continue to increase our quality standards to continue to better serve them.

Targeted investments were made in our branch network in order to improve our offering. We have been a pioneer in developing new branch concepts with our Bank-Café Espresso and our Financial Services boutiques. About 25 of our branches have now been completely transformed into one of these concepts and are greatly appreciated by our customers.

Last January, another initiative was the complete upgrade of our entire ABM network, as it now provides a state-of-the-art customer experience.

B2B Trust announced a new agreement with AIM Trimark Investment to distribute RRSP and investment loan programs. This new agreement brings to 50 the number of distribution alliances, that B2B Trust has signed. Now, loans are eligible for more than 1,100 mutual funds Canada-wide. Moreover, the 25 largest mutual fund companies that do not offer in-house loan products are dealing with B2B Trust.

These were some of the initiatives that we undertook as for our first priority. Let's now look at what was done as our second priority.

**(Slide 13)** One way to improve our efficiency is to review our processes. The Retail & SME sector has initiated various projects in branches during 2007 aimed at optimizing key business processes. These improvements should contribute to reducing the time employees spend on administrative tasks, allowing them to be more proactive in business development.



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

We have also simplified administrative processes of the B2B Trust investment loan program, both for clients and for our teams.

We continue to invest in sophisticated customer information management tools, such as our datawarehouse, in order to better know the needs of our customers. These tools gives us a competitive advantage over our main competitors in the province of Quebec.

In 2007, the Bank continued allocating substantial resources to updating its office computer infrastructure.

Also in 2007, we deployed a new Web platform to meet the information and operational needs of our employees.

In taking these initiatives, we aim to improve our level of efficiency.

**(Slide 14)** Our last priority and certainly not the least important, allows us to concentrate on our most important asset, our human capital.

At the end of 2007, our unionized employees voted in favour of an agreement between the Bank and the Union for the renewal of the collective agreement. This is excellent news for our organization, and clear proof of the marked improvement in our work relations. The new agreement will be for a term of four years and will be in effect until December 31, 2011.

2007 marked the first year of implementation of our new performance program, which was developed in cooperation with our union. Through this program, we provide better coaching and feed-back to our employees, measure results, not just efforts, and recognize our best performers. We are pleased that the program was well accepted by our employees and that our managers rapidly adopted its philosophy.

A new program for branch network managers was also implemented. Entitled “Leaders in Action”, this development program targets the development of key skills for properly managing their teams as well as to further develop our sales culture, while of course maintaining our excellent quality of service.

**(Slide 15)** All these initiatives contributed to Laurentian Bank’s improved performance. We increased our ROE by 137% between 2004 and 2007, for a 33% compound annual growth rate (CAGR) on a GAAP basis, and 40% on a core basis.



NATIONAL BANK FINANCIAL –  
CANADIAN FINANCIAL SERVICES CONFERENCE – MARCH 26, 2008  
PRESENTATION BY RÉJEAN ROBITAILLE

Our results improved in terms of volume growth, efficiency and EPS.

Each business line has contributed to the Bank's growing results. For example, between 2004 and 2007, Retail Financial Services' net income increased by 102% and B2B Trust by 144%.

Based on these results and in order to reflect our confidence in the future development of the Bank, the Board of Directors announced last December, a 10% increase in our quarterly dividend.

**(Slide 16)** In conclusion, we will maintain our focus on our three priorities at all levels. We will pursue our development, but not at the expense of risk exposure, while closely monitoring the market environment.

As during the previous years, we will continue to focus on internal growth as this has proved to be of great benefit to the Bank in the last few years.

The key to success is in the execution. The management team is strongly committed to the Bank's long term and sustainable development. The employees are also very dedicated to the Bank. Their enthusiasm and sustained efforts are one of the Bank's best assets.

Thank you for your attention. I would be pleased to answer your questions now.