LAURENTIAN BANK OF CANADA

NATIONAL BANK FINANCIAL - CANADIAN FINANCIAL SERVICES CONFERENCE - MARCH 30, 2005
PRESENTATION BY RAYMOND MCMANUS

(Slide 1) Good afternoon everyone. Thank you John for inviting us to this conference.

(Slide 2) Today, I would like to highlight the progress we have made with regards to our 3-year plan and how we intend to become the undisputed # 3 in Quebec and a highly performing niche player across the rest of Canada.

(Slide 3) When I look at this slide, I think of a mountain which is exactly what we have had to climb to reposition the Bank. Hopefully, you will forgive me for my sense of pride in what we have accomplished in such a short period of time. I will be speaking in greater detail later about the sale of BLC-Edmond de Rothschild, our new financial boutiques and the final settlement of our collective agreement.

(Slide 4) Although we are a Regional Bank, we are still very much present in the rest of Canada with our indirect business and our commercial banking. We have over 8,000 dealerships offering LBC point of sales products and more than 13,000 independent financial intermediaries and deposit agents distributing B2B Trust's and Laurentian Bank's products. The Bank still has 35% of its loan portfolio outside Quebec.

(Slide 5) We are confident that our plan is the right plan and we will not deviate from it.

(Slide 6) For the first quarter of 2005, we met all of our objectives. We have achieved a return on equity of 8.3% and if we exclude the gain from the sale of BLC Edmond de Rothschild, our return on equity was 5.3%, which is within the target range that we have set for the year.

(Slide 7) In the last 9 months of 2004, we did a lot of modelling and stress testing in order to better manage our balance sheet. We started implementing this strategy during the last quarter of 2004 and so far, we are on target with our expectations. As you can see, our net interest margin has improved significantly.

(Slide 8) Credit quality continues to improve. However, we will not be happy until we are at par with the industry averages.

(Slide 9) To say our earnings have been extremely volatile is an understatement. Reported earnings in 2002 were severally affected by substantial loan loss provisions. In 2003, they significantly improved with the sale of our branches in Ontario and Western Canada. In 2004, we believe we hit the bottom of the wave. Going forward, it is important to show consistent growth in ROE. The solid line illustrates the underlying trend excluding all special items.

(Slide 10) Our capital ratios are in line with the industry averages. However, our tangible common equity ratio is slightly below the industry.

(Slide 11) We realized, more than a year ago, that we did not have to be a manufacturer of mutual funds. What we needed was good products for our distribution network. Industrial Alliance is a very respected Quebec based company and we are very pleased with our association. We are confident this decision will generate real advantages for the Bank. After only a few months, we are convinced we picked the right partner.

(Slide 12) I would like to take a few minutes to go through the details of the sale. From the questions I have been receiving, it is still not well understood. If we look at the slide, the net sale price was $67.8 million but could potentially reach $76.1 million if we obtain the sales bonus amount of $8.3 million.

We also deferred $26.2 million over 5 years. Why? Well, we have the money, but by deferring, we can defer taxes and also increase the probability of keeping it. Let me explain. Although this transaction is being reported as a discontinued operation, it is our Retail Operations who will have to meet the annual sales targets. Therefore, these moneys will be allocated to them, on a yearly basis, as they meet these objectives. Let me tell you that their own objective is not only to get the $26.2 million, but also the $8.3 million after 5 years. To quote Yvon Charest, CEO of Industrial Alliance, “I hope you keep all the money and that I have to pay the bonus, which will make the transaction even more of a win/win.”

The net assets sold amount of $29.5 million, represents the $23.4 million which we paid our partner for their 49.9% ownership, and the difference of $6.1 million represents the book value of our share of 50.1%.

We also took this opportunity to write down the seed money to market value which entailed taking a charge of $4.4 million.

Going back to the clawbacks, what is important to understand is that we can defer reimbursements to Industrial Alliance, that is, we would have to miss our sales target for 2 years in a row before we have to make a reimbursement prior to the 5th anniversary. Furthermore, we have a catch-up provision at the end of year 6, to help offset the possibility of having cyclical annual sales. Finally, I should point out that in 2004, we generated $110 million in net sales, which is well above our minimum annual target of $50 million.

For further particulars, I would refer you to Note 2 of our first quarter financial statements.

I have said many times before, we will manage the Bank for the long term and not the short term. The manner, in which we have accounted for this transaction, is in keeping with that promise.

(Slide 13) Retail Financial Services is doing very well and fully executing its plan. It is definitely on the right track. For example, last year, it had the best RRSP campaign ever in the Bank's history. Today, I can tell you this is no longer true, 2005 was even better than 2004.

(Slide 14) The first quarter results only serves to confirm my previous statement that Retail Financial Services is performing very well, especially with regards to improvements in its net interest margin, loan loss provisions and efficiency ratio.

(Slide 15) During the first quarter, we opened five new financial services boutiques. Our branch at Place de la Cité, in the Québec City area, was also renovated in line with this concept. These branches are highly innovative, both in terms of design and client experience. Our clients will enjoy visiting our Library zone and Café corner, while their children play in special kids' areas. It's an entirely novel relationship approach between customers and employees.

I'm also pleased to say that we will be opening three new financial services boutiques in the coming months. In parallel with these openings, we will continue to invest in renovating our existing branches.

Last summer, the Espresso Bank-Café-project was born. This partnership with Café-Bistro Van Houtte has yielded excellent results. Laurentian Bank is the only financial institution in Canada to offer its clients this type of concept. Our clients are as thrilled as we are with our Bank-Café. I would also like to announce that we will be opening a second Espresso Bank-Café, at the corner of Laurier and Park, in the Plateau Mont-Royal district later this year.

2004 also saw the launching of our new corporate positioning, embodied by the slogan DARE. DARE conveys the essence of Laurentian Bank. Received enthusiastically by external stakeholders and employees alike, DARE has re-energized the Bank. It also complements our core values of Simplicity, Flexibility, Proximity and Quality.

In January, Laurentian Bank became the only financial institution to operate automatic banking machines in the metro stations of Montréal. We were selected following a call for tenders. In addition to the 7 ABMs already in place, 10 new ABMs were installed to replace those of competitors.

Let me say that all these investments are being made for the long term, thus confirming our commitment to manage the Bank in the same manner.

(Slide 16) Let's now look at the performance of Commercial Financial Services…

(Slide 17) We are a retail and commercial bank, and if we are to return to double digit returns on equity, we have to be humming on all cylinders. In

Commercial Banking, we have now finished reducing our corporate loan exposure and properly identifying our target markets. Underwriting and credit quality continue to improve and we are now on the launch pad to start growing.

(Slide 18) Our Commercial Financial Services was ranked among the leading Canadian financial institutions based on customer satisfaction.

The real estate financing sector experienced an excellent year. The Bank is ranked among the leaders in this sector thanks to its competent and respected team. In order to diversify more geographically, they plan on increasing their presence in Western Canada by expanding their offices in Calgary and Vancouver.

Our overall strategy for Commercial Financial Services is to be present in all market segments in Quebec, and a niche player in fields of expertise outside Quebec.

(Slide 19) Now for the performance of B2B Trust…

(Slide 20) As shown, the performance of B2B Trust has improved with operating revenues rising due to increased volumes and higher net interest margins for all major product offerings. Furthermore, provisions for credit losses improved in the first quarter of 2005 as well as the efficiency ratio.

(Slide 21) B2B Trust has entered into distribution agreements with more than 65 % of the members of the Mutual Funds Dealers Association. Also, B2B Trust has an investment loan program with four of the ten largest mutual fund manufacturers. Now that we own 100% of B2B Trust, it is being fully integrated within the Bank.

(Slide 22) We have a long list of strategic alliances with many partners. At the end of 2004, B2B Trust dealt with more than 13,000 independent financial advisors and deposit agents. They have also entered into more than 40 different banking, investment loan and RSP loan programs.

(Slide 23) As for our Treasury and Brokerage divisions performance…

(Slide 24) Treasury & Financial Markets saw a significant slowdown in their revenues over the last year. Part of it was due to tougher market conditions but, as mentioned earlier, more was due to a change in corporate policy whereby we decided to manage our balance sheet much more tightly.

(Slide 25) Our subsidiary, Laurentian Bank Securities, reported an excellent performance in 2004, with a contribution to net revenues that nearly doubled that of the previous fiscal year. Although a niche player, Laurentian Bank Securities is very complementary to our treasury and retail operations.

(Slide 26) The progress we have made with our Union, during the past several months, represents a major breakthrough for the Bank.

(Slide 27) The past year has been highlighted by several significant achievements, however, I would like to talk in greater detail about this one in particular. The arbitration board rendered its final decision on the contents of the collective agreement a few weeks ago. The new agreement takes into consideration the reality of the Bank, and provides added flexibility, while ensuring that the unionized employees continue to enjoy good working conditions.

The new agreement, which will be in force until December 31, 2007, is a determining step in our efforts to establish stronger relations with this significant partner. It is a milestone on the road to a better work environment and will contribute to a higher level of motivation among our employees.

I believe that we have truly forged a partnership with the Union representing our employees. For me, this is a source of great satisfaction. These joint efforts by the Union and the Bank, to enhance our labour relations, have led us to discuss co-operative projects with the representatives of the Fédération des travailleurs du Québec. Laurentian Bank and the FTQ have decided to team up to offer financial products to all 550,000 members of the FTQ. This represents a vast potential to expand our client base. In time, we intend to show that this perceived weakness of being a unionized Bank can become a strength.

(Slide 28) Part of our goal is to become the undisputed #3 in Quebec and I will outline how we intend to achieve this objective.

(Slide 29) As shown, Laurentian Bank has a strong brand name being in third position in terms of number of branches in Quebec with its 156 retail branches. A survey done in Quebec by Léger Marketing shows a significant increase in Laurentian Bank's profile. Furthermore, in terms of quality of service, Laurentian Bank's financial advisors, have been ranked number 1 in Quebec.

(Slide 30) The two main Quebec based financial institutions together have approximately a 65% market share in Quebec. Laurentian Bank has over 5% and growing.

Looking at the graph, you can see that Desjardins' market share over the past 20 years, increased substantially from 25% to 43%.

Furthermore, considering that the total market share of the five major banks in Quebec is less than 25%, it is fair to say that some of them are in a similar position as we were in Ontario and Western Canada.

(Slide 31) To conclude, we have finished our repositioning and are now focussing on growth by intensifying our sales and marketing efforts. Our 3,000 employees are fully committed and determined. They are actively participating in the implementation of the Bank's plan, in which they strongly believe. If any person is thinking of changing their financial institution, or questioning where they should bank, we want them to think "Laurentian Bank".

(Slide 32) Actions taken in the past year will help us achieve our principal target, which is to become the undisputed #3 bank in Quebec and a highly performing niche player across the rest of Canada. We are fully committed to grow. Now, we have to prove we can deliver.

(Slide 33) Thank you very much. I welcome any questions you may have.