

# Laurentian Bank

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LAURENTIAN  
BANK

## Forward Looking Statements

The Bank may from time to time, in this presentation, in other documents filed with Canadian regulatory authorities or in other communications, make forward-looking statements within the meaning of applicable securities legislation, whether written or oral, including statements regarding the Bank's business plan and financial objectives. These statements typically use the conditional, as well as words such as "prospects", "believe", "estimate", "forecast", "project", "should", "could" and "would", etc.

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Symbol: LB, TSX

## Where we are today

- Continuity of the plan
- Third banking institution in Quebec and a performing player in specific market segments elsewhere in Canada
- In a growth mode



Symbol: LB, TSX

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## 3 Priorities

### Increase profitability

- Focus on top line revenue and internal growth
- Increase sales of high margin products
- Change the asset mix and increase other revenue

### Improve efficiency

- Improving internal processes at every level of the bank

### Further develop our human resources

- Employees are our most important asset
- Performance management
- Training



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## Increase Profitability



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## Profitability is Increasing

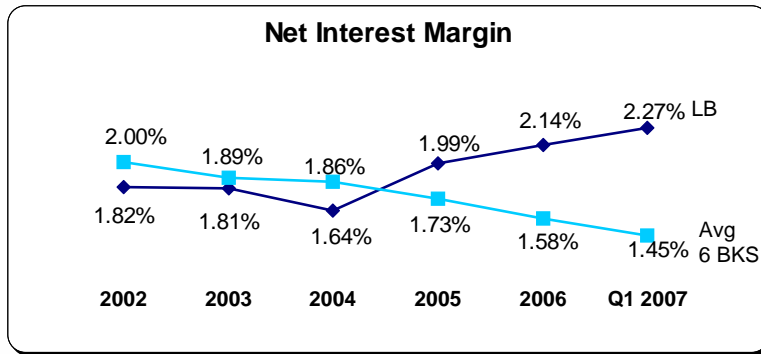
In millions of \$ except per share amounts	Q1 2007	Q4 2006	Q1 2006	Variation Q1 07 vs Q1 06
Net Interest Income	95.2	92.1	87.9	8%
Other Income	46.4	45.0	45.8	1%
<b>Total Revenue</b>	<b>141.6</b>	<b>137.1</b>	<b>133.7</b>	<b>6%</b>
<b>Net income from continuing operations</b>	<b>20.6</b>	<b>18.1</b>	<b>16.7</b>	<b>23%</b>
Net Income	20.6	22.6	17.0	21%
Net income available to common shareholders	17.6	19.7	14.0	26%
<b>GAAP</b>				
EPS (diluted)	\$ 0.74	\$ 0.84	\$ 0.59	25%
Return on Equity	9.4%	10.8%	7.9%	
<b>From continuing operations</b>				
EPS (diluted)	\$ 0.74	\$ 0.65	\$ 0.58	28%
Return on Equity	9.4%	8.4%	7.7%	
<b>Special elements</b>				
Tax adjustments	0.9		2.4	
Gain on the sale of Brome Financial Corporation			0.9	



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## Laurentian Bank's NIM growth

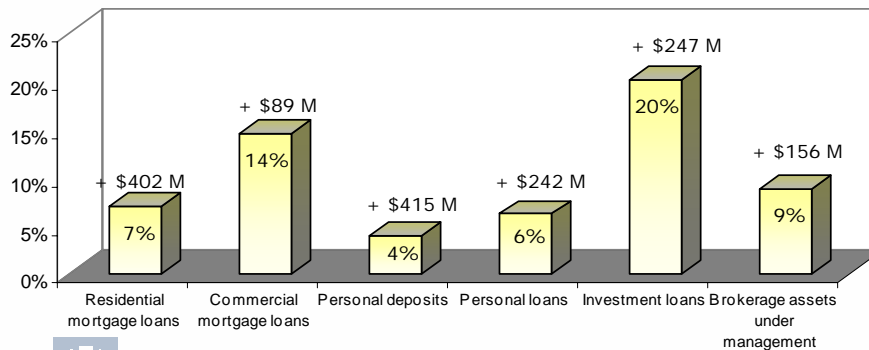


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## Sustained Growth of Portfolios

### Q1 2007 growth over Q1 2006

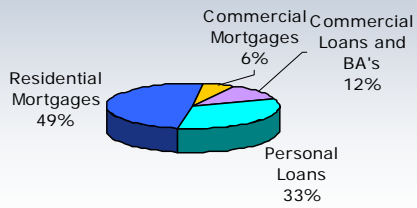


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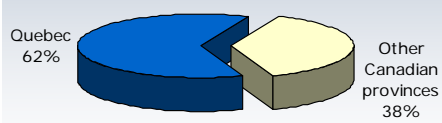
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## Diversification of Loan Portfolio

**Loan Portfolio**  
As at January 31, 2007



**Geographic Distribution of Loans**  
As at October 31, 2006



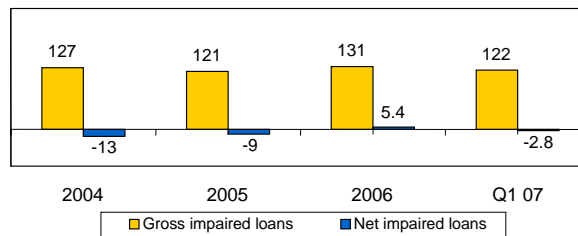
Symbol: LB, TSX

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## Credit Quality

### Evolution of gross and net impaired loans

**Impaired Loans**  
(in millions of \$)



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## Highlights - Tax Issues

- Last federal budget positively impacted the Bank as it allowed us to reduce our future income tax assets
- More efficient tax management reduced the Bank's income tax expenses during fiscal year 2006 and Q1 2007



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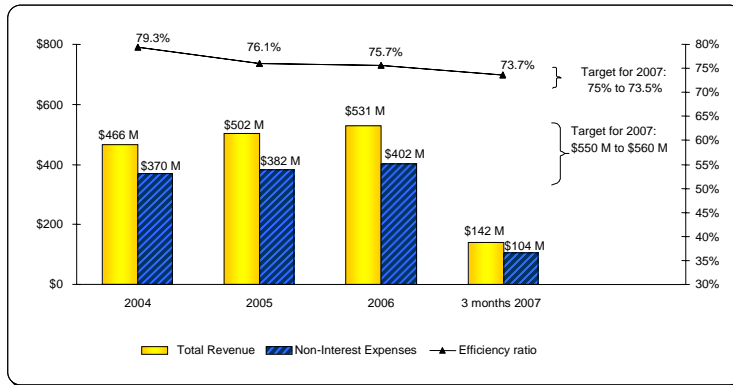
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## Improve Efficiency



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## Efficiency Ratio Evolution



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- Special project
- Review our processes
- Specific objectives for each sector

## Further Develop Our Human Resources



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## Further Develop Our Human Resources

- **More than 3,300 employees**
- **Enhanced performance management with emphasis on:**
  - More coaching and feed back
  - Clear and strategically linked objectives
  - Recognition of our best employees
- **Training**



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**Q1 2007 Results**  
**We are on target.**



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## Q1 2007 performance and 2007 Objectives

Performance Measure	2007 Objectives	3 Month Period Ended January 31, 2007 Actual
Return on Equity	8% to 9%	9.4%
Diluted Net Income per Share	\$2.55 to \$2.85	\$0.74
Total Revenue	\$550M to \$560M	\$141.6M
Efficiency Ratio	75% to 73.5%	73.7%
Tier 1 Capital Ratio	Min of 9.5%	10.2%
Credit Quality (PCL Ratio) <sup>1</sup>	0.24% to 0.21%	0.24%

(1) PCL ratio is calculated over Average Assets



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## Strategies and Results of Business Lines



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## Retail Financial Services

- Optimization of the Branch and ABMs Network
- Increase sales of high margin products
- Improve product and service offering (ex. wealth management solutions)
- Optimize administrative processes
- Capitalize on human resource: Increase investments in training and development of our people
- Increase the share of wallet of our customers

### Q1 2007 over Q1 2006

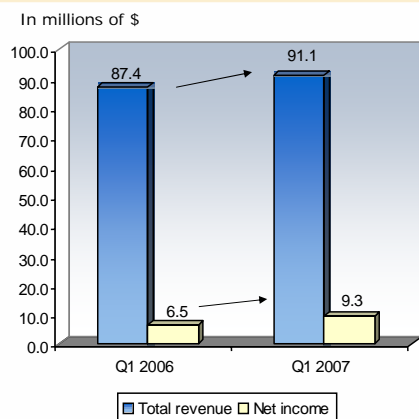
- Number of credit cards: +4%
- Income from mutual funds: +30%
- Credit insurance income: +20%



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## Retail Financial Services



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Symbol: LB, TSX

### Q1 2007 versus Q1 2006

- Total revenue growth of 4%
- Net income growth of 43%

### Main facts:

- Growing volumes of loans and deposits
- Total loans growth of \$465 M (+6%)
- Residential mortgage loans growth of \$427 M (+8%)
- New products launched for the RRSP season
- RRSP campaign results ahead of last year
- Mutual fund growth of \$194 M (+16%)

## Commercial Financial Services

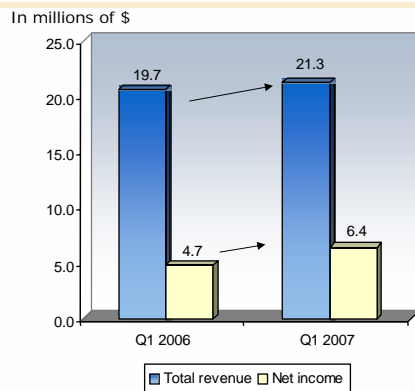
- Continue to grow the small and medium sized business sector by loan development activities
- Improve product and service offering (ex. MAXAffaires Dashboard, new platform for small loans)
- Intensify marketing campaigns
- Distribution network development
- Re-enter the commercial mortgage securitization program
- Increase synergies with Retail Financial Services



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Symbol: LB, TSX

## Commercial Financial Services



Results are excluding gain on sale and revenue generated by Brome Financial Corporation in Q1 2006



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### Q1 2007 versus Q1 2006

- Total revenue growth of 8% excluding gain on sale and revenue generated by Brome Financial Corporation sold in Q1 2006
- Net income growth of 36% excluding gain on sale and revenue generated by Brome Financial Corporation sold in Q1 2006

### Main facts:

- Real estate lending grew by \$133 million
- Farm lending loan portfolio increased by 11%
- Organizational restructuring to develop common synergies with the retail network

## B2B Trust

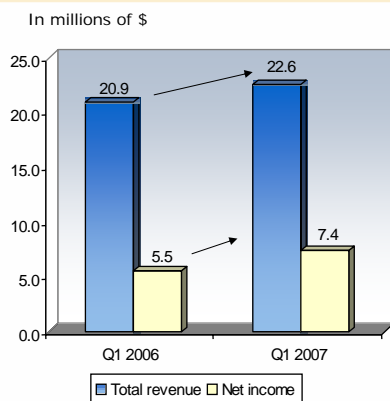
- Increase sales of high-margin products
- Expand 5 core distribution channels:
  - mutual fund industry, insurance industry, investment industry, mortgage brokerage and deposit brokerage
- Garner maximum return from existing deposit broker channels
- Focus on long term growth development initiatives
- Strengthen the organizational foundation to support accelerated growth



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## B2B Trust



### Q1 2007 versus Q1 2006

- Total revenue growth of 8%
- Net income growth of 34%

### Main facts:

- Total loan growth of 10%
- Investment loans rose by \$247 million
- Deposit broker business increased by \$284 million
- Partnership with Fidelity
- Two new other partnerships



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## Laurentian Bank Securities

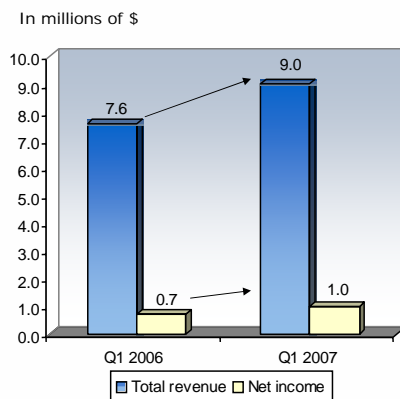
- Develop institutional services in equity markets and financing of SME
- Pursue the growth of distribution network to reach sufficient critical mass
- Pursue the development of institutional brokerage activities - fixed income
- Continue the optimization plan to improve operational efficiency
- Maximize synergies between business lines



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Symbol: LB, TSX

## Laurentian Bank Securities



### Q1 2007 versus Q1 2006

- Total revenue growth of 19%
- Net income growth of 45%

### Main facts:

- Brokerage assets under administration up by 9%
- Total revenue was positively impacted by the institutional equity sector and the retail brokerage



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Symbol: LB, TSX

## Conclusion

- Maintain our focus on our 3 priorities
- Employees are committed and have fully bought into the plan
- Show continued improvement and maintain investments in business development so that we can manage both for the short and long term
- Execution is key



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Symbol: LB, TSX

## Appendices



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## Overview of Laurentian Bank

- 3<sup>rd</sup> largest financial institution in Quebec in terms of branches and 7<sup>th</sup> largest Canadian Schedule 1 chartered bank based on assets
- Assets (as at January 31, 2007)
  - Balance sheet : \$17.2 billion
  - Assets under administration: \$14.9 billion
- Main market's : Province of Quebec (Canada) with significant activities elsewhere in Canada (38% of total loans outside of Quebec as at October 31, 2006)
- 158 retail branches
- More than 3,300 employees
- Founded in 1846



Symbol: LB, TSX

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## Laurentian Bank's Strengths

### Conservative financial position

- Strong balance sheet and capital ratios
- Strong proportion of insured mortgages
- Limited capital market exposure compared to peer group
- Large proportion of personal loans secured

### Strategic focus and flexibility

- Selective regional positioning
- Specific market segments outside Quebec
- Experienced management team and committed employees
- Quality and efficiency of our products and services



Symbol: LB, TSX

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## A Clear Geographical and Business Focus

### Laurentian Bank's vision:

- To become the undisputed #3 banking institution in Quebec and a performing player in specific market segments elsewhere in Canada.

### Positioning in Quebec

- With 158 retail, 21 commercial and 14 brokerage branches, Quebec is LBC's main market. All business lines are active in this market.
- Retail network is the 3rd largest in Quebec
- The strategy is to become the undisputed #3 in this province

### Positioning elsewhere in Canada

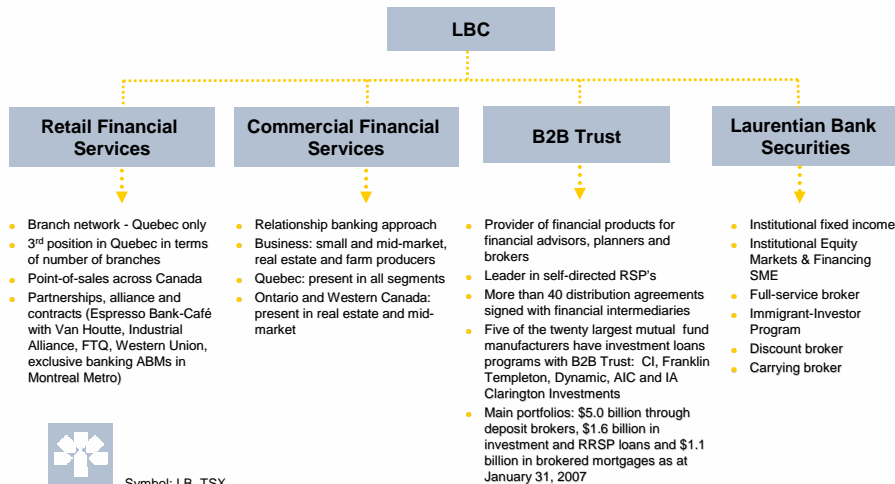
- Target specific niches where LBC has distinctive advantages, that is:
  - B2B Trust
  - Commercial Financial Services
  - Indirect points-of-sale network
  - Laurentian Bank Securities
  - Mortgages and Deposits through brokers



Symbol: LB, TSX

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## Four Business Lines



Symbol: LB, TSX

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## Deposits

Composition of deposits	October 31, 2006	January 31, 2007	
	LBC	LBC	Average Big 6
Personal	83.6%	84.3%	41.4%
Business and other	16.4%	15.7%	58.6%
Total of deposits	100.0%	100.0%	100.0%



Symbol: LB, TSX

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## Assets Under Administration (AUA)

AUA has increased by 3% over Q1 2006

( in billions of \$)	Q1 06	Q1 07
Self-directed RRSPs and RRIFs	8.3	8.5
Client's brokerage assets	1.8	1.9
Institutional	1.8	1.8
Mutual Funds	1.3	1.5
Mortgage loans under management	1.0	1.1
Other - Personal	0.2	0.0
<b>Total</b>	<b>14.4</b>	<b>14.9</b>



Symbol: LB, TSX

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## Strong Capital Ratios

As of January 31, 2007	Tier 1 Capital Ratio	
	in %	Rank
TD	11.9%	1 <sup>st</sup>
Scotia	10.4%	2 <sup>nd</sup>
<b>LBC</b>	<b>10.2%</b>	<b>3<sup>rd</sup></b>
BMO	9.9%	4 <sup>th</sup>
NBC	9.9%	4 <sup>th</sup>
CIBC	9.6%	5 <sup>th</sup>
RBC	9.2%	6 <sup>th</sup>
<b>Aver. Big 6</b>	<b>10.2%</b>	

As of January 31, 2007	Total Capital Ratio	
	in %	Rank
CIBC	14.1%	1 <sup>st</sup>
TD	14.1%	1 <sup>st</sup>
NBC	14.0%	2 <sup>nd</sup>
<b>LBC</b>	<b>12.3%</b>	<b>3<sup>rd</sup></b>
Scotia	11.7%	4 <sup>th</sup>
BMO	11.3%	5 <sup>th</sup>
RBC	11.2%	6 <sup>th</sup>
<b>Aver. Big 6</b>	<b>12.7%</b>	

As of January 31, 2007	Tangible Common Equity as a % of RWA	
	in %	Rank
TD	9.0%	1 <sup>st</sup>
Scotia	8.4%	2 <sup>nd</sup>
<b>LBC</b>	<b>7.7%</b>	<b>3<sup>rd</sup></b>
BMO	7.6%	4 <sup>th</sup>
NBC	7.5%	5 <sup>th</sup>
RBC	7.5%	5 <sup>th</sup>
CIBC	6.8%	6 <sup>th</sup>
<b>Aver. Big 6</b>	<b>7.8%</b>	



Symbol: LB, TSX

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## Distribution Network across Canada

### RETAIL FINANCIAL SERVICES

- Branch network
- Mortgage through brokers
- Mortgage through builders
- Point-of-sale financing
- VISA
- Deposit through brokers
- Small business

### B2B TRUST

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### REGIONS

- Quebec
- Across Canada
- Quebec
- Across Canada
- Across Canada
- Quebec
- Across Canada
- Quebec
- Across Canada

### COMMERCIAL FINANCIAL SERVICES

- Commercial services
- Corporate lending
- Real estate lending
- Farm lending

### LAURENTIAN BANK SECURITIES

- Full Service
- Discount
- Institutional fixed income offering

### REGIONS

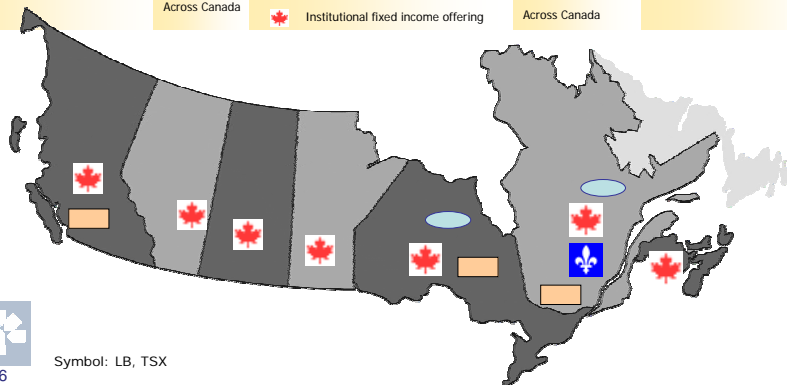
- Quebec and Ontario
- Across Canada
- Major cities across Canada
- Quebec

### REGIONS

- Quebec, Ontario and British Columbia
- Quebec and Ontario
- Across Canada

### Highlights:

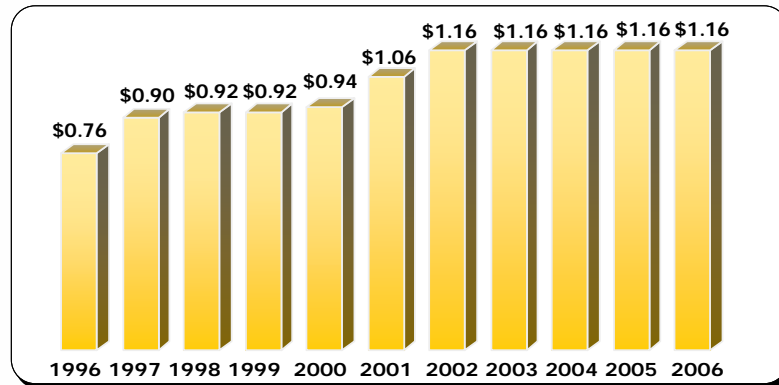
- 38% of total loans are outside Quebec (as of October 31, 2006)
- As at January 31, 2007:
- 3,187 point of sales
- 158 branches
- more than 16,000 advisors



Symbol: LB, TSX

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## Historical Dividend per Year



Symbol: LB, TSX

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## Management Committee

### Réjean Robitaille

**President and Chief Executive Officer**

✓ CEO at Laurentian Bank since 2006  
and with the Bank since 1988

### Robert Cardinal

**Senior Executive Vice-President  
Finance, Administration and Strategic  
Development and Chief Financial Officer**

✓ At Laurentian Bank since 1991

### Bernard Piché

**Senior Executive Vice-President  
Treasury, Capital Markets and Brokerage**

✓ At Laurentian Bank since 1994

### Luc Bernard

**Executive Vice-President  
Retail Financial Services and SME's**

✓ At Laurentian Bank since 2001

### François Desjardins

**President and Chief Executive Officer  
B2B Trust**

✓ At Laurentian Bank since 1991

### Lorraine Pilon

**Executive Vice-President  
Corporate Affairs and Secretary**

✓ At Laurentian Bank since 1990



Symbol: LB, TSX

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