



SCOTIA CAPITAL - FINANCIALS SUMMIT 2005 – SEPTEMBER 13, 2005
PRESENTATION BY RAYMOND MCMANUS

(Slide 1) Good afternoon everyone. Thank you Kevin for your invitation to this Financial Summit. I am pleased to be here to provide an update on the implementation of our Business Plan.

(Slide 2) We were very pleased with our third quarter results, as they clearly demonstrate that we are on the right track. Improvement in core net earnings is one of the major signs of progress. Furthermore, the level of our net interest margin remains strong and our loan and deposit portfolios are growing.

(Slide 3) As you know, Laurentian Bank is a regional bank. We are now clearly focused within the province of Quebec where we have a distinct competitive advantage. We have a well recognized brand name and we rank third in terms of number of branches. We are also very present in the rest of Canada with 35% of our total loans situated outside the province.

(Slide 4) Several actions have been undertaken in the last few years in order to reach our objectives. From our Entrepreneurship model to our new partnerships and our innovative financial services boutiques, all of these initiatives were highly strategic. Another key element is our relationship with our Union, which represents two thirds of our employees.

(Slide 5) Laurentian Bank has been unionized since 1967. This is a fact. We have been working diligently over the past three years to re-build a trusting relationship. We share the same primary goal and that is for the Laurentian Bank to succeed. As Quebec is the most unionized province in Canada with 42% of the labour force being unionized, it represents a great opportunity for the Bank to work closely with the FTQ. That is why I am pleased to announce that we will be officially offering a series of banking products to FTQ members and their families before the end of this quarter. This could represent a real competitive advantage for Laurentian, and hopefully over time turn a perceived negative into a positive.



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(Slide 6) We have recently announced a change in our top management structure whereby we combined our three main business lines under the leadership of Réjean Robitaille in order to increase synergies and accelerate our business plan.

(Slide 7) Our cumulative results indicate that after the first nine months we are on target for almost all of the majority of our objectives. Our return on equity from continuing operations stands at 5.7% which is slightly higher than the target range we set for the year.

(Slide 8) When we take a closer look at the third quarter versus the same quarter last year, we see an improvement of 33% in net income. Net interest margins as well as earnings per share and return on equity from continuing operations also grew significantly.

(Slide 9) Total operating revenues increased on a year over year basis because of tighter asset and liability management as well as from growth in our loans and deposits.

(Slide 10) Since the fourth quarter of 2004, we have managed our assets and liabilities much more tightly and as a result, we have seen our net interest margin improve dramatically.

(Slide 11) Our loan and deposit volumes have grown during the last quarter, which is a clear indication that our plan is working.

(Slide 12) Also credit quality continues to remain stable and we do not expect any major surprises in the foreseeable future.

(Slide 13) This slide shows a full breakdown of our loan portfolio. As you can see, a large portion of our loans are consumer-based, which are generally of lower risk.



SCOTIA CAPITAL - FINANCIALS SUMMIT 2005 – SEPTEMBER 13, 2005
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(Slide 14) Our tier-1 capital ratio and our tangible common equity ratio continue to be solid and are slightly above industry averages.

(Slide 15) As to the distribution agreement with Industrial Alliance, net mutual fund sales were nearly \$90 million as at July 31st 2005. There is a high probability we will be taking \$5.2 million into income during the fourth quarter.

(Slide 16) Let us now look at each line of business, starting with Retail Financial Services.

(Slide 17) Among all the actions undertaken by Retail Financial Services, there are three that I consider to be the key success factors. The Entrepreneurship model; the reinforcement of our culture based on high-quality service; and the re-investments in our assets, including the continued development of our human resources.

(Slide 18) During the past year we launched a new marketing slogan: DARE or OSEZ. We want to be the challenger in the banking sector. If someone is thinking of changing bank, we want them to think of Laurentian Bank first. We also improved our marketing capabilities through the increased use of our data warehouse. This allows us to realize much better targeted direct marketing capabilities and to do it more efficiently. We have also started to offer Western Union's money transfer products in our branch network. This partnership is very interesting for developing new clientele, notably among ethnic communities with which the Bank already enjoys close ties. We are the first North American bank to conclude such an agreement with Western Union.

(Slide 19) Our third quarter results confirm that retail banking is progressing very well, especially with regards to improvements in net interest income, loan loss provisions and efficiency.



SCOTIA CAPITAL - FINANCIALS SUMMIT 2005 – SEPTEMBER 13, 2005
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(Slide 20) Now for Commercial Financial Services.

(Slide 21) In commercial banking, we are clearly focused on relationship banking. We continue to pursue a strategy to be present in all segments of the Quebec market and to be a niche player in specific fields outside Quebec.

(Slide 22) Commercial banking generated higher net interest income during the third quarter. However, provisions for credit losses were higher in the third quarter due to recoveries recorded in the second quarter. Nevertheless, provisions for credit losses are still on target for the year. The efficiency ratio increased slightly, due mainly to higher variable compensation costs.

(Slide 23) The Real Estate Financing sector is enjoying an excellent year. As well, we are continuing to develop commercial banking having added a second business centre, and having put in place various marketing activities.

(Slide 24) Now for a look at B2B Trust.

(Slide 25) In May of this year, we conducted a strategic review of B2B Trust. To give you a brief summary, we are focusing on high potential business relationships, improving our efficiency, increasing our marketing activities, and identifying new distribution opportunities.

(Slide 26) This quarter B2B improved its popular hundred percent Accelerator loan by increasing the maximum loan amount from \$50,000 to \$100,000. They have also increased their marketing and business development activities.



SCOTIA CAPITAL - FINANCIALS SUMMIT 2005 – SEPTEMBER 13, 2005
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(Slide 27) This division continues to perform very well with total operating revenue and average assets having grown in the third quarter versus the previous quarter. Provisions for credit losses have remained relatively flat. The strong improvement in its efficiency ratio comes from higher operating revenues as well as lower non-interest expenses.

(Slide 28) Lastly, let's look at Laurentian Bank Securities.

(Slide 29) The strategy of our brokerage division is to develop its three main activities, which consist of: full retail brokerage, discount brokerage, and institutional fixed income. Going forward, there is an opportunity to expand the discount brokerage client base by using our established transactional platform to complement the Bank's product offerings.

(Slide 30) Laurentian Bank Securities reported lower revenues and net income in the third quarter versus the previous quarter due to seasonal elements and higher development expenses. Assets under management have increased by 3% for full service brokerage and 4% for discount brokerage.

(Slide 31) From an overall point of view, Laurentian Bank has several major strengths. In Quebec, we benefit from our third place ranking in terms of retail branches. We are also recognized for our high quality of service. Two independent surveys conducted in 2004 determined that Laurentian Bank was in terms of service, in a leadership position in retail banking in Quebec, and in commercial banking in Canada. We also offer indirect retail lending through approximately 4,000 point of sale outlets across Canada. In turn, B2B Trust, offers wholesale financial services to over 13,000 independent financial advisors across the country.

(Slide 32) We are continuing to manage the Bank in a conservative manner and with a long-term vision. We have purposely chosen to focus on a selective regional market, namely Quebec, while the same time developing niche markets and strategic partnerships in the rest of Canada.



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SCOTIA CAPITAL - FINANCIALS SUMMIT 2005 – SEPTEMBER 13, 2005
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(Slide 33) To conclude, we are clearly focused on our business plan. Even if we have already made significant strides, we will continue to build on our accomplishments. However, there is still a long way to go and a lot to be done. As we move forward, our employees are fully committed and actively participating in the execution of our business plan.

(Slide 34) Thank you very much. I welcome any questions you may have.