LAURENTIAN BANK
OF CANADA

NATIONAL BANK FINANCIAL - CANADIAN FINANCIAL SERVICES CONFERENCE
PRESENTATION BY RAYMOND MCMANUS, FOR APRIL 7, 2004

(Slide 1) Good afternoon everyone. Thank you Rob and John for inviting us to this Canadian Financial Services conference.

Today, I would like to update you, on where we stand with regards to our 3-year plan. I will also discuss, some of the key issues, that investors and analysts have been raising in their discussions with us.

(Slide 2) I'd like to begin, by a brief comparative analysis of where Laurentian Bank's stands relative to our Canadian bank peers. Considering the major restructuring we undertook in 2003, it was meaningless to compare ourselves using 2003 results. By using first quarter results, we were forced to exclude ATB Financial, from this analysis, as their first quarter results are still not available.

Let me first remind everyone of what Laurentian Bank is. We are Canada's seventh largest Schedule I Chartered Bank, with over $16 billion in balance sheet assets and $15.8 billion in assets under administration. We operate mostly in Quebec, Ontario and the Western provinces, through various distribution channels. We service 1.1 million customers and employ more than 3 thousand employees, of which 63% are unionized in Quebec.

When one looks at our performance, compared to our peers in terms of operating revenues as a % of average assets, we underperform as we have not developed critical mass in wealth management & brokerage activities. These off-balance sheet activities, which are well developed in other banks, are extremely profitable, however, are non balance sheet items.

But this is only part of the story, as it does not explain the fact, that although slightly better, our performance in our personal & commercial operations is still below the performance of our peer group.

(Slide 3) Some of you have questioned our ability to compete, in this mature and highly competitive Canadian retail banking market. As evidenced by the top graph, as a percentage of assets, we rank very strongly in terms of our capacity to generate gross interest revenues.

The challenge lies more on the funding side, due to our particular portfolio mix, which tends to be highly concentrated in fixed term deposits. In order to bring our net interest income in line with our peer group, we need to implement initiatives that will increase our ability to grow our demand and notice accounts. Our 3-year plan intends to tackle this issue, by increasing the number of exclusive and primary clients, who deal with the Laurentian Bank. We realize we have to reduce our interest expenses as a percentage of assets in order to be more competitive.

(Slide 4) Some of you may also believe there is still room to cut costs. Although, we are continuously reviewing and streamlining our operations, our expense ratio is now in line with our peer group, and is even quite low, when specifically looking at our personal and commercial operations. Considering we need to improve on the net interest revenue side, via our funding, we feel that the efficiency ratio may not be the best metric, to analyse our cost level, and believe that non interest expense, as a % of assets is a better measure for evaluating Laurentian Bank's level of non interest expenses.

We will now demonstrate to you how we intend to achieve our 3-year objectives. But first let's have a look at our achievements since I have stepped in as CEO.

(Slide 5) We did not wait to start making decisions, and have strived to reposition the Bank with a more focused approach, and a determination to ensure sustainable growth. Some of these decisions, are very strategic in nature and will shape the future of the Bank, and bring lasting solutions.

With respect to the Arbitration process, both parties have presented their positions, and the arbitrator has stated he wants a binding decision, on or before June 30th, 2004. As the decision is binding, this means, among other things, that any threat of a strike or lockout will be eliminated for several years.

The sale of the branches outside Quebec, was another important achievement in 2003. This transaction was first and foremost, a strategic initiative in repositioning the Bank, in order to enhance its efficiency and profitability. Indeed, as we assessed the Bank's situation, and its business model, the size of our territory came to be viewed as a handicap: operating costs were significant and resources were just spread too thin. Moreover, the gain on the sale, has given the Bank a stronger balance sheet and a lower risk profile.

Finally, several initiatives were also undertaken, to reduce our cost level, such as: the elimination of the holding company concept, the reduction in the management committee, the expense reduction program, and finally, the proposed privatization of B2B Trust, which hopefully will close in late May or early June.

(Slide 6) Given our results in 2003, we examined and evaluated all our operations. We decided that the Bank's first priority, would be the strategic repositioning of its retail operations. To this effect, we thoroughly reviewed our direct and indirect operations, as well as market potential and profitability. This exercise led to the adoption of our three-year business plan. In 2004, we intend to review the strategic plan of our commercial operations, in order to maximize growth opportunities.

Some of you expressed concerns about our objectives being too conservative. Firstly, let me say that I truly believe these three years are needed to restore the Bank's growth, profitability and strong operating foundation. That being said, am I happy with a 10% return by 2006? The answer is no! These are the minimum objectives, we are prepared to accept. As I said earlier, we are continuously reviewing and streamlining our operations, in order to do better.

There are no quick solutions. What is required is patience, dedication and a lot of hard work. It's really back to basics. We need to be disciplined and rigorous, in order for our initiatives to succeed. This "back to basics" approach has guided our decisions, and actions throughout the year, in a very real and concrete manner.

(Slide 7) Our three-year business plan is well underway. I am pleased to underline the fact that our first quarterly results, are on track with our first year financial objectives, and a good benchmark for measuring our progress, towards becoming a much more profitable bank.

At 24 basis points, provision for credit losses is slightly above our 22 basis points yearly objective; however, we believe that PCLs will fall in line, with our objectives by year end.

The tier 1 and total capital ratios increased to 10.7% and 16.0%, respectively, much better than our objective. Stronger capital ratios provide us with the necessary flexibility to implement our strategies.

(Slide 8) As you know, at the end of 2003, we raised our dividend payout ratio from a target range of 30-40% to 40-50%. In the first quarter of 2004, we paid out 67.3% of earnings in dividends, which is above our target range. However, we have indicated previously our goal is to have an average of 40-50% over a four-year period starting in 2003. Our intention is to maintain the Bank's dividend on common shares, at its current level of $0.29 per share, per quarter, provided we attain our financial targets, and maintain strong capital ratios.

(Slide 9) In line with what we promised, after only one quarter we have achieved significant steps towards meeting our 3-year objectives. We've rolled-out the Entrepreneurship model, we are in the process of redesigning our branch layout and optimizing the network. We've launched a new advertising campaign, sold our VISA portfolio outside Quebec and finally, are proposing to privatize B2B Trust. I will go in more details on these initiatives as we advance in the presentation. So let's start with our first priority: our retail operations.

(Slide 10) 40% of our earnings in the first quarter came from our retail operations compared with 10% in the previous quarter. A significant achievement, considering we had lost the contribution to revenues from the Ontario and Western Canada branches which were sold, and our cost ratio increased, as our share of allocated fixed costs in retail increased, due to a reduced balance sheet.

As you can denote, we are working harder than ever at growing our retail business, in a profitable manner.

(Slide 11) One of the reason we refocused our direct operations in Quebec, is our strong market presence in this province. We rank third in terms of number of branches in our home market.

In terms of market share, Desjardins is indeed the major player in the Quebec market followed by National Bank. To grow, we need to increase our presence in the growing municipalities. Apart from the purchase of 43 branches from Scotia Bank in 2001, we underinvested in our network since 1996 and are present in only 3 of the 25 fastest growing municipalities in Quebec.

In terms of recognition, an independent survey done by Léger Marketing, a renowned marketing company in Quebec, demonstrates the significant achievements we've made in only a year in terms of rebuilding our visibility.

(Slide 12) Part of our 3-year plan was the design of a New Laurentian Bank signature, including new standards for the design of our branches. We are pleased to announce, that as promised, we will open our first "new" branch, in the next few months, with three others, coming on stream by the end of the year. The slide provides you with a first glimpse of the new branch concept.

(Slide 13) As indicated in our 3-year plan, in order to enhance our network, we have put in place an expansion committee, to evaluate existing and potential branch locations, and assess the profitability and potential of each branch. We already announced that we had plans to open 20 branches by 2006, but this exercise has also allowed us to identify markets where the Bank should reinforce its presence by renovating or relocating its existing branches. More than 50% of our branches will be impacted by this plan over the next 3 years. We have already extended our banking hours, in order to provide better service.

(Slide 14) The Entrepreneurship project, which is based on best practices developed by major European and US banks, has three guiding principles: Empowerment, Accountability, and Rewards. Following our announcement, that we would deploy this pilot project to the benefit of our entire network, the following activities were performed:

First, we have grouped all branches into 25 Local Area Markets which we call LAMs, and appointed a manager to each LAM. Each of them has produced an action plan based on the specific characteristics of their market. Moreover each branch is now under the responsibility of a branch manager. These employees and their manager will be held responsible for their branch results, and their success will be acknowledged and rewarded accordingly. Already, we see tangible results as client satisfaction has increased since the pilot project.

(Slide 15) We have also focused on enhancing the Bank's visibility in its markets. We're now back on the radar screen. We have launched a new ad campaign, in collaboration with Marketel. We are on television, on radio and in the papers. We are positioning ourselves as a challenger, and as an alternative to the other financial institutions. These ads have been the "talk of the town", since our campaign started in January, and our clients have already made it their own. Moreover, the positive impact of our new slogan, — DARE ! — is being felt throughout the Bank.

(Slide 16) In December, we unveiled to the press our new "Passport" reward program, for our VISA Gold credit card. This program stands apart from other reward programs currently available on the market. Developed with the latest trends in mind, this program offers its users a new way to use reward points, by making their dreams come true. Be it an African safari, or a week of spa relaxation in the Alps, the program allows clients to live rich experiences.

(Slide 17) In 2003, our newly enhanced client relationship management data warehouse has permitted us to identify clients, who would benefit from using additional products and services. To date, we have had great success, in implementing direct marketing initiatives as demonstrated by the results of our RRSP campaign. Also, through these initiatives, it is our objective to increase the number of products and services held per client from 3.7 to 4.3 products, by the end of our 3-year plan.

(Slide 18) Let's now turn to our second priority – our Commercial Financial Services. In our first quarter, 35 % of our earnings came from our commercial operations, a stable performance in relation to the previous quarter, which stood at 34%. In the recent past, we reduced the size of our commercial portfolio, (mainly the corporate book), and have shrunk total outstandings by approximately 400 M$, or 7% of our portfolio. Within the framework of the Bank's three-year business plan, Commercial Financial Services is committed to significantly increase the volume of quality commercial loans.

In the mid-market we have two distinct strategies:
In Ontario, we plan to become a niche player, catering to mid-size companies, and distinguishing ourselves with a trademark of high-quality

customer care. In Quebec, we will cover a broader spectrum, ranging from micro-enterprises to mid-size companies. Already, we have put in operation six regional centres, to offer the entrepreneurs and business clients the convenience of our retail network for operations.

We will also continue to develop our real estate loan portfolio — both in and outside Quebec — building on our growing reputation as a prime construction lender. Our six Business Service Centers, across Canada, will play a key role in this regard.

We intend also to significantly increase the size of our agricultural loan portfolio in Quebec. To do so, a team of experienced specialists, working out of seven agricultural service centres, will focus exclusively on meeting the needs of agricultural entrepreneurs.

(Slide 19) In line with our new marketing signature – DARE !, we have recently launched a new ad campaign, targeted to both our mid-market and agricultural clients.

(Slide 20) 2003 and the beginning of 2004 were challenging, as B2B's results were negatively impacted by the weak capital markets, which affected the mutual funds industry. Also, loan losses increased, reflecting our changing lending mix with the growing presence on our balance sheet of consumer lines of credit. Lines of credit are characterized by higher loan losses but also by better interest margins which we hope to achieve in 2004.

Several initiatives were undertaken throughout the year to reposition B2B for renewed growth.

B2B is a leader in investment lending and can count on more distribution alliances than any of its competitors. In 2003, we added six new distribution alliance partners.

Furthermore, in time for the RRSP campaign, we implemented a new online application and adjudication system for RRSP loans through direct link to the credit bureau and our credit rating tools. This new tool available this year to a few of our partners has been a great success. Responses have exceeded all expectations. In fact, a third of all loan applications came directly through this new online platform.

Also, up until recently, our mutual fund loan offering was limited to clients of the mutual fund dealers and their financial planners. Different legal and systems issues were making it difficult to offer such loans through other channels. However, in 2003, we have initiated a process by which mutual fund loans would be made available to clients of full service brokers, that is members of the IDA. To this effect, we are now piloting a mutual fund loan program with the Berkshire Securities, an IDA member firm. If conclusive, such lending program could be offered to other IDA members

During 2003, B2B refocused its banking offering to concentrate on the more value added credit products. The best illustration of such repositioning has been the signing in December 2002 of an agreement with Canadian Tire Financial Services. Canadian Tire branded lines of credit are now being offered to Canadian Tire clients using B2B capabilities. The progress of this new partnership is so far positive, and bodes well for the continued growth of this business in the future.

(Slide 21) As you are no doubt aware, the Bank recently announced its proposal to privatize B2B Trust. Laurentian currently owns 77.3% of B2B. Not only do we view the transaction as fair, and in the best interest of the minority shareholders of B2B, but we believe this transaction is beneficial to our shareholders as we anticipate cost savings between $1 and 2 million per year. This transaction is also in line with the abandoning of the holding company concept, which is part of our strategy to be a more focused Bank.

(Slide 22) Lastly, our Wealth Management and Brokerage line of business contributed 7% to our earnings in first quarter with an increase in net income of 50% compared to the previous quarter.

Wealth Management and Brokerage will continue to focus on products and services that will generate growth. Its Institutional Fixed Income Brokerage and origination franchise has a large market share relative to our size, and is a good complement to the majors. In fact, most provincial and related debt issuers, look on Laurentian Bank Securities' ability to execute very favourably. Laurentian Bank Securities ranked 8th in Canada, in terms of volume of Canada bonds and 6th in terms of distributor, in money market provincial securities.

As regards to its retail brokerage services, the Bank will continue to expand by referral activities internally, through its other lines of business, and by increasing the brokerage sales team. The Brokerage arm will also be introducing a dedicated Internet platform to support discount brokerage transactions in the third quarter of 2004.

For its part, BLC-Edmond de Rothschild Asset Management continues to enjoy strong organic growth in mutual funds, as well as in portfolio management. The company saw assets under management increase to $1.7 billion in the first quarter of 2004 compared to $ 1.3 billion in the same period of the previous year, a growth rate of almost 30%.

(Slide 23) This slide demonstrates the contribution of our brokerage and wealth management activities separately. Our brokerage operations made a positive contribution of 1.2 million, while wealth management broke even in the first quarter of 2004.

(Slide 24) As depicted, our Treasury revenues represent a strong 11% of our total revenues, and have been quite consistent, over the last several years. Treasury continued to benefit from the trend of lower rates, in the bond market and from higher volatility levels, especially in January. For our size we have a very sophisticated Treasury operation, which we have a tendency to take for granted.

(Slide 25) By concentrating our direct Retail Financial Services in Quebec, we will become a stronger regional bank. As a key player in a select market, we will be able to increase our impact and recognition as well as improve our efficiency. We have started to adopt a more hands-on approach, realizing the need to become better operators, better managers and be prepared to be held accountable. We will turn this necessity to our advantage by making it the foundation on which we build a unique culture. In this manner, the Bank will be able to differentiate itself in the marketplace.

Through the implementation of our three-year business plan, we are learning from the past, rigorously managing the present and looking forward to the future with a more focused approach and a stronger determination to do all the little things right for the greater benefit of our clients, our employees and our shareholders.

As we have all learned in the past few years, too much emphasis on short-term results can lead to disappointment. Our employees are committed to creating value for our shareholders for the long term.

We believe that our solid book value and dividend yield provides support for our stock. With the stock trading at slightly under book value, we believe the stock represents great value.

Thank you.

I welcome any questions you may have.