**NOTES POUR L'ALLOCUTION DE M. RÉJEAN ROBITAILLE,
PRÉSIDENT ET CHEF DE LA DIRECTION, À LA CONFÉRENCE DES SERVICES FINANCIERS CANADIENS
LE 31 MARS 2009, À 11H
AU CENTRE MONT-ROYAL, À MONTRÉAL**

Mise en garde concernant les énoncés prévisionnels

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Seule l'allocution prononcée fait foi

BANQUE LAURENTIENNE – CONFÉRENCE DES SERVICES FINANCIERS CANADIENS, 31 MARS 2009
ALLOCUTION DE RÉJEAN ROBITAILLE, PRÉSIDENT ET CHEF DE LA DIRECTION

Good morning ladies and gentlemen.

Thank you, Rob, for inviting me to this Financial Services Conference.

While I will address the current environment and the short-term actions we have taken, my presentation will primarily address Laurentian Bank's strategic plan, which is the main driver of our progress and the foundation for realizing continued growth and improved returns.

Let me start by saying that we have a strong foundation. Laurentian Bank is a regional bank whose main market is Quebec. While we are geographically well diversified with 41% of our loans outside of Quebec, our activities elsewhere in Canada are targeted at profitable niche segments.

Our overall objective is to focus on what we strongly believe will continue to deliver long-term profitable growth.

Long-term profitable growth requires a clear focus. Ours is based on the three growth engines that we have identified. They operate in markets where we have a competitive edge and tend to be the prime recipients of our business development investments.

The first and largest operating unit is Retail and SME Quebec. With the third largest branch network in Quebec, we have been able to generate strong loan and deposit volumes. Our clients embrace the innovative financial services boutique concept that we have pioneered and our positioning as the Family Bank.

The second growth engine is B2B Trust. B2B Trust has emerged as a leader within the financial intermediary community. This was evidenced by its ability to raise $250 million in deposits in the first quarter of 2009 from a newly introduced High Interest Investment Account. And it is still growing. As well, B2B Trust is the # 1 investment loan provider in Canada while maintaining good credit quality.

Our third growth engine is Real Estate financing. Our solid team is located across Canada, providing construction and term loans. They have gone through previous real estate downturns, bringing experience and expertise to the table. They apply a disciplined and conservative approach and they are known for making things happen.

Long term profitable growth must also have well established priorities. We have identified three priorities that are to: increase profitability, improve efficiency and further develop our human capital. To date, we are pleased with the performance in all three areas. With respect to profitability, we achieved a compounded annual growth rate in diluted net income per share from 2004 to 2008 of approximately 30%. On the efficiency front, our ratio substantially improved from 79.6% in 2004 to 70.7% in 2008.

One of the main reasons explaining such results is strong growth in both the loan and deposit portfolios. Since 2004, we experienced record growth every year and we expect that 2009 will be another year with record growth in our loan and deposit portfolios.

As to our human capital priority, Laurentian Bank has proven to be supportive of the professional growth and development of its employees with the development and improvement of several Bank-sponsored employee programs. Furthermore, we are transforming our culture to one that requires and recognizes performance.

It is clear that our strong foundation, targeted focus and well established priorities ensure the long-term profitable development of the Bank. Now, let’s have a look at more specific figures and talk about this market environment.

On the subject of credit quality, the current recession will obviously bring challenges. As you know, no bank is immune from a recession, but so far, we have not seen significant deterioration in our credit quality.

Loan losses rose in the first quarter of 2009 to $12 million from $10.5 million in the fourth quarter of 2008. It is also important to say that we proactively increased our general provision by $8 million in the third quarter of 2008.

Residential mortgages account for the largest portion of our loan portfolio, at around 42%. Furthermore, fifty percent of those mortgages are insured. . The conservative nature of this portfolio should lessen the impact of the recession.

With respect to investment loans, another important retail loan portfolio, they all are credit scored and the underwriting is based on the overall credit quality of the borrower and their ability to pay. Furthermore, credit scoring does not end at the origination process, but continues on a quarterly basis. We monitor the portfolio for predictive deterioration and intervene preemptively if necessary. Loan losses on this portfolio represented 5 basis points at the end of January 2009.

As would be expected during a period when unemployment and bankruptcies are rising, we have seen some deterioration in some of our consumer portfolios, including credit cards, unsecured lines of credit and point-of-sale financing. However, we have already taken several initiatives to reduce the overall risk of these portfolios.

While we are geographically diversified, 59% of our loan portfolio is in Quebec. This serves us well, as the Quebec economy is showing relative strength. For example, unemployment in Quebec is less severe than in Ontario and the housing market in Quebec is holding up relatively well. Therefore our exposure to the Quebec economy should help to mitigate deterioration in credit quality.

In the past years, we have been pro-active and have taken several steps that should compensate for the ongoing deterioration in the economy. For example, we have been reviewing some of our underwriting criteria for the past 24 months in commercial and retail credit. This is in addition to having exited the corporate loan segment as well as having reduced our exposure to specific industries such as forestry, pulp and paper and automobile parts over the past 5 years. I would also like to emphasize that we have had very limited exposure to the asset-backed commercial paper and have no direct exposure to the American mortgage market, subprime loans or any complex structured credit products.

On the matter of net interest margins, as anticipated with interest rates plunging, Laurentian Bank experienced margin compression. Two main factors are responsible for this: intense price competition for deposits and, most importantly, high levels of liquidity. These liquidities are maintained not only for prudential reasons but also because we made a deliberate decision to take advantage of opportunities in the market place. Yes there is a crisis, but from crisis comes opportunities.

Consequently, in prevision of the RRSP season, we launched our high interest investment account through B2B Trust to respond to the high demand for guaranteed deposits and attractive interest rates. This product has attracted high volumes of deposits. At the end of February, we passed the Billion $ mark and this portfolio is still growing.

While this higher level of liquidity puts pressure on margins, it gives us the necessary flexibility to seize business opportunities, either for lending or for acquiring assets over the next few quarters. There is currently a significant demand for good credit in the marketplace. This is in part due to the fact that some players have reduced their exposure or exited the Canadian market completely.

Meanwhile, to mitigate the impact of margin compression, we have adjusted our loan pricing and are currently analyzing other measures such as initiatives related to fees. Furthermore, we will maintain tight cost control.

I will conclude this presentation by highlighting our strong foundation from a financial perspective. Firstly, we have a solid balance sheet. Secondly, we have lots of liquidities. Thirdly, our Tier I capital ratio is over 10% and is comprised of the highest quality of capital. This is reflected by our common tangible equity ratio of 8.3%; the highest among the Canadian banks.

Thus, with record earnings in 2008 and a good start to 2009, a solid capital base, high levels of liquidity, a prudent risk management approach and a sound business plan, Laurentian Bank is well positioned to weather the storm and seize the opportunities that may arise, both in terms of increasing internal volumes and acquiring new assets.

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