



PRESENTATION BY FRANCOIS DESJARDINS
PRESIDENT & CEO

ANNUAL ADDRESS TO SHAREHOLDERS
POST THE ANNUAL GENERAL MEETING

APRIL 7, 2020 – 9:30 am

VIRTUAL MEETING

Only the delivered speech shall be considered as authoritative.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

At this meeting and in documents filed with Canadian regulatory authorities or in other communications, we may, from time to time, make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, statements regarding our business plan and financial objectives including statements contained in our 2019 Annual Report under the heading “Outlook”. The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of our financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically are identified with words or phrases such as believe, estimate, forecast, project, expect, anticipate, plan, goal, target, may, should, could, would, will, intend or the negative of these terms, variations thereof similar terminology.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that the predictions, forecasts, projections or conclusions will prove to be inaccurate, that our assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, projections or conclusions.

We caution readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond our control and the effects of which can be difficult to predict, could cause our actual results to differ materially from the targets, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions; changes in government monetary, fiscal or economic policies; changes in currency and interest rates; legislative and regulatory developments, including tax legislation and interpretation; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; changes in competition; modifications to credit ratings; scarcity of human resources; developments with respect to labour relations; information technology and cyber security; developments in the technological environment; environmental risk including changes to global environmental policy and the effects of climate change; the possible effects of global conflicts and terrorism, natural disasters, public health emergencies, including the direct and indirect impacts of the novel coronavirus (COVID-19) pandemic, disruptions to public infrastructure and other catastrophic events; our ability to execute our strategic plans including the reorganization of our retail branches, the modernization of our core banking system and implementation of the Advanced Internal Ratings-Based (AIRB) Approach to credit risk, as well as our ability to anticipate and effectively manage risks arising from the foregoing.

We further caution that the foregoing list of factors is not exhaustive. Other factors and risks could adversely affect our results. For more information on the risks, uncertainties and assumptions that would cause our actual results to differ from current expectations, please also refer to the “Risk Appetite and Risk Management Framework” section of our 2019 Annual Report, as well as to other public filings available at www.sedar.com.

We do not undertake to update any forward-looking statements, whether oral or written, made by us or on our behalf, except to the extent required by securities regulations.

Good morning and thank you for joining this webcast today.

These are exceptional times which called for an exceptional way of conducting our Annual General Meeting. The President & CEO annual address to shareholders usually describes the progress and performance of the past year, and gives insight on plans and priorities for current and future years.

My address today will focus first on our response to the corona virus – COVID-19 pandemic. All Laurentian Bank Financial Group team members extend our thoughts and well wishes to those impacted by the illness and the turmoil it has created.

Not since the 2008 global financial crisis have we seen as important a situation and rightly so, a proportional and coordinated response from authorities, regulators and industry. Laurentian is proud to be part of a strong Canadian banking system – one that has proven that it can successfully ‘weather the storm’.

Laurentian Bank Financial Group has taken active measures to ensure its financial strength and stability during and after this pandemic. We have always managed capital, liquidity and credit prudently and will continue to do so during these times. We have access to the funding and liquidity programs that the Bank of Canada and the Canadian Mortgage Housing Corporation announced and we are taking every reasonable measure to maintain a healthy financial stance.

Our Group is rated investment grade, and is the only Canadian medium sized bank with two credit ratings – A (low) from DBRS and BBB from S&P.

With financial measures actively monitored and firmly in place, our main priority is to be there for our customers and ensure the safety of our team members.

Most of our Financial Clinics, business centres, operations and call centres have remained open and we’ve been continuing our mission of helping our customers improve their financial health throughout these difficult times.

During this crisis, day-to-day banking continues to be accessible, 24/7, using mobile or online banking and customers can continue making certain transactions at ABMs - ours or by using either the Interac or Exchange Networks available from coast to coast.

Considering financial hardships that are a direct result of COVID-19, we have implemented programs to support customers, like skipping payments, to help find solutions for their needs. Our team members have been hard at work helping our customers over the internet, phone and in person, when other means are not possible.

At the onset of the crisis in January, we assembled a dedicated crisis management team to monitor the situation. When it became obvious that there would be serious impacts here at home, we activated our business continuity plans to ensure minimal interruption of service to our customers. Our approach was to stay nimble, flexible and adjust to ever-changing circumstances while adhering to the recommendations of public health authorities.

For instance:

- We took precautionary measures early on by eliminating all non-essential business travel. We also began monitoring personal travel and asked team members to self-isolate if they had travelled or felt ill.
- We secured the health and safety of our customers and team members by increasing the intensity of cleaning and installing hand sanitizer dispensers at our various offices and locations.
- We kept the lines of communication open by providing all team members, customers, shareholders and regulatory bodies with information about COVID 19 and the measures we are taking in response.

- And lastly, we ensured our critical team members could continue to help our customers by separating our critical workforce to different locations and increasing the number of team members that could work from home.

All this would not have been possible without the support, dedication and cooperation of our teams. I am proud to work with a strong team of individuals who really stepped up, bravely, and considering uncertainty, to be there for our customers, especially on the front lines. I sincerely thank the team and want them to know how much their efforts are appreciated.

Now, on to the state of the organization.

Our accomplishments of 2019 have brought us closer helping Canadians improve their financial health as we have started offering the convenience of digital transactions with the value of financial advice given by our financial professionals.

2019 was a year of strategic achievements:

- We implemented the foundation of a new core banking system. All B2B Bank products and most of our loans to business customers have been migrated to the new platform.
- This has, notably, allowed us to launch our fully-digital offer to help Canadians to meet their everyday personal banking needs, first through the B2B Bank network of Advisors and Brokers and then direct to customers under the LBC Digital brand.
- We have welcomed thousands of new customers and acquired new deposits. Chequing, high interest savings and GIC accounts can now be opened, with straight through, on-the-spot processing, online or on mobile devices. With these launches, Laurentian Bank is now a coast to coast operation.
- Digital is important to our customers for their daily transacting, but so is human intervention for complex transactions. We now operate over 80 Financial Clinics in Quebec where personal and business customers are encouraged to seek the advice of financial professionals and build long-term relationships.
- We are having real conversations with customers about their goals and how we can help them get there.
- On the labour front, the ratification of a new collective agreement in 2019, along with the change in composition of the collective bargaining unit significantly improves our ability to serve customers and implement process efficiencies. Now, the bargaining unit covers customer-facing positions almost exclusively, and none can be added. As well, the agreement puts the emphasis on individual performance rather than on tenure and job security.
- We achieved good growth in loans to business customers, namely in real estate, equipment and inventory financing, and this contributes to changing the Group's business mix and enhances diversification.

Despite some great strategic achievements and stable Risk Weighted Assets, in 2019, total assets declined and financial results were impacted, largely due to preventative measures taken to prepare for a possible work conflict. Since ratification of a new collective agreement, we have seen a gradual return to normal operations.

Looking forward, we have not changed the end goal of completing the transformation, setting strong foundations, working on profitable growth and enhancing performance.

Transformation is hard – but doing things that are hard is worthwhile.

We all know that banking is changing. We see it every day. Digital is a way of life – and pandemics like COVID-19 only highlight the importance and necessity of advancing our technologies and eliminating all non-essential paper-based transactions.

Through that lens, we will remain focused on our transformative deliverables to take this organization into the next decade and beyond.

For personal customers:

- For basic banking needs, the end goal is to enhance the customer experience, adding functionality, transactions and products to the digital platform and promote our offer to Canadians from coast to coast with a focus on broadening and deepening the customer relationship.
- From an advice perspective, we believe that regardless of whether customers come to us through our own Financial Clinics or through the Advisor & Broker Channel, improved financial health is the primary outcome. Every day, our professionals are having productive conversations with customers, accompanying them through their lifecycle as they buy a home, develop personal goals and plan for retirement.

For business customers:

- Our successes are rooted in our solid expertise and the strong relationships we have built in real estate financing, commercial banking and equipment and inventory financing.
- Our plan is to continue to operate in niche markets where we can have a real impact on our customers' businesses.

For institutional customers:

- We are committed to harnessing more opportunities with our institutional customers. We have appointed new leadership in Capital Markets and with that comes renewed energy and fresh perspectives.

From a technology perspective, the largest initiative is the completion of core banking and the migration of all remaining customers to the new platform followed by the initiative to move to the Advanced Internal Ratings Based methodology.

Finishing the core banking replacement for financial clinics will allow the decommissioning of legacy IT systems, improve efficiency and, most importantly, greatly improve the personal customer experience by giving them access to modern digital interfaces. It will give small business customers access to a new online banking platform which will provide better self-service and cash management solutions.

Moving to the advanced methodology improves our ability to manage credit quality and measure appropriate risk and the amount of capital to support each loan. Prior to the pandemic, we had started making additional investments in infrastructure to expand operations in the U.S. and further upgrade customer facing technology to improve the business client experience.

At this point, even if these goals are still in front of us, in the context of the evolving global pandemic – a situation that is affecting all companies and industries with lasting effects – we must manage prudently and prioritize actions that put the needs of our customers first.

As we speak, except for financial clinics, most of our team members are now adapting to working from home. For personal customers and small business owners, our teams are engaged in helping those impacted to get through this crisis and manage their financial health.

For larger companies, our account managers have been reaching out to determine how we can help at this time. Team members in Capital Markets have been there from the beginning of this crisis to help manage the investments of their institutional customers and provide insight into what can only be called a global reset.

2020 was supposed to be the year during which we would complete major initiatives and focus on growth, a year when the heavy lifting would come to an end. It is now reasonable to expect that transformation initiatives will be slowed or delayed by a minimum of 6 to 12 months, although it is too soon to tell what the full extent will be until we see some signs of recovery.

It is also too soon to tell what the financial impacts of the crisis will be, but we will continue to drive organic growth in certain segments where there is opportunity, and general efficiency initiatives as we address both the revenue and expense side of the equation.

We are building a better and different banking experience. It has been a long road, but as we stand today, a lot of the work on our transformation – and the investments – are behind us.

But in these challenging times, we must let go of things that are out of our control and focus on what is in our control. Focus on the reason why we undertook this transformation – this ambitious and worthwhile undertaking.

The answer is quite simple: we had to, for our customers. And so, we will continue forward because we are approaching the end and we are progressing towards growth, efficiency and future performance. We're getting it done. We're building something great. An extra six months or a year won't change that.

We are now all looking forward to 2021 – our 175th anniversary year – hopefully a time when we can be out in the open and celebrate appropriately.

I thank our awesome team members across the organization for their perseverance. Again, I'm so proud to work with you. This pandemic is testing our resolve, but it has also shown our character and is proving what you can accomplish. Our future is bright because we're in it together.

I also thank our Board members for their continued insight, support and positive energy and especially our Chair, Michael Mueller, for his valuable counsel during these times and always.

Lastly, to you, our shareholders: the recent market turmoil has been gut wrenching, but you should also know that our organization is strong. We thank you for demonstrating your continuing support through your investment in the Bank.

Laurentian Bank Financial Group will get through this time even more determined to deliver sustainable, long-term profitable growth and performance. You are investing in something great.

Be safe, Thank you.