

NOTES FOR THE SPEECH OF MR. RÉJEAN ROBITAILLE,  
PRESIDENT AND CHIEF EXECUTIVE OFFICER  
LAURENTIAN BANK

ANNUAL MEETING OF SHAREHOLDERS  
MARCH 15, 2011 AT 9:30 AM - PIERRE-PÉLADEAU CENTER, IN  
MONTRÉAL

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Only the delivered speech shall be considered as authoritative.

SPEECH BY RÉJEAN ROBITAILLE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

LAURENTIAN BANK

AT

LAURENTIAN BANK'S

ANNUAL MEETING OF SHAREHOLDERS

MARCH 15, 2011

## **Presentation by the President and Chief Executive Officer**

### **Annual Meeting of Shareholders – March 15, 2011**

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Dear shareholders,

Ladies and Gentlemen,

Good morning,

I am very pleased to welcome you to this annual meeting in order to outline our activities and accomplishments during fiscal 2010. 2010 was not only an excellent year for us, but in fact, was the continuation of our remarkable progression. That is why I am getting used to opening any conversation about the Bank by saying, “You know, it’s not the same Bank anymore”.

In 2010, we again achieved record-breaking performance, with net income of \$122.9 million. That is 9% higher than in 2009 and 21% higher on the basis of continuing operations. I am particularly proud of the fact that we are the sole Canadian bank to have reported increased earnings per share in each of the six previous years, during a difficult economic period, as you may already know. This clearly demonstrates our ability to successfully execute our business plan.

Our strong performance is not limited to this one year. In fact, over the past 4 years, our loans and BAs increased by 43% and our deposits grew by 50%. Over the same period, our earnings per share grew by an average annual rate of 17%.

Today, Laurentian Bank has:

- more than 3,700 employees in over 200 branches and offices

- over one million clients and
- \$23 billion of assets, including about 40% of loans that are generated from activities outside of Québec.

Furthermore, our improving performance and our ability to deliver strong and sustainable growth has been recognized by third parties, with Standard and Poor's raising our credit rating in 2010. We were the first bank in North America to be upgraded since 2007.

Our solid performance and numerous accomplishments have been achieved thanks to our loyal and hard working employees, as well as our dedicated and talented management team, with whom I closely collaborate. I would now like to introduce them to you.

-Luc Bernard, Executive Vice President, Retail and SME Financial Services

- Francois Desjardins, Executive Vice-President of the Bank, and President and Chief Executive Officer of B2B Trust

-Michel Lauzon, Executive Vice President and Chief Financial Officer

- Lorraine Pilon, Executive Vice President, Corporate Affairs and Secretary

I would also like to introduce two officers in charge of the Real Estate and Commercial Financing and Laurentian Bank Securities and Capital Markets segments, respectively, Paul Hurtubise and Michel Trudeau.

Now, I invite you to watch a short video and listen to the heads of our four segments talk about the transformation of the Bank over the past few years.

[VIDEO]

As you can see from this video, the Bank's operations are carried out through four well targeted, well functioning and diversified business segments, which delivered strong performance in 2010. I would like to take a few minutes to provide you with a brief

overview of each of them and of their accomplishments of the past year.

The Retail and SME Québec segment encompasses our 156 branches, 421 automatic banking machines, and 22 commercial business centres. In 2010, the net income from continuing operations increased by 19%, demonstrating the improving organic growth capacity. This business segment constitutes the third largest branch network in Québec. As such, the Bank has a strong presence in the Montréal region, with 100 branches, including 65 on the Island of Montréal alone. However, we have also established our presence throughout the rest of the province, be it in Québec City, the Outaouais, or the various other regions.

Speaking about Québec City, this is the location we have chosen for implementing our second generation of Financial Services boutiques. This unique and distinctive concept was inspired by best practices in retailing and enhances the in-branch customer experience. While being more visible, this branch regrouped all of the Bank's activities, including Retail, SME, Commercial, and real estate financing, under one roof.

Furthermore, I am pleased to announce that more than 40, or close to 30%, of our branches will undergo renovations in 2011 in 2011. Thus, our distribution channels, which include our physical, mobile and virtual networks, continue to evolve and improve.

In 2010, we rolled out our CRM or Customer Relationship Management system. This integrated knowledge base infrastructure is the culmination of 5 years of investment and development in which we progressively implemented the tools that we needed in order to get even closer to our clients. These powerful systems allow us to have better knowledge of our clients' profiles and behaviours so that we can offer them the financial products that best meet their needs and are most appropriate for their stage of life. Our CRM and business intelligence tools provide us with a competitive edge and place us in the lead when compared with our Québec-based competitors.

This enhanced client knowledge also helps to adapt our distribution strategies for our mobile network, consisting of one hundred "mobile bankers". These specialists can meet with clients in the comfort of their homes. In fact, in 2010, mobile bankers accounted for about 40% of new residential mortgages in Quebec.

Our virtual network is evolving too. Moreover, we are the only institution to offer clients comprehensive consulting services via advisors personally assigned to them and accessible by phone or e-mail.

To capture the attention of customers and potential customers alike and to further increase our visibility, we recently launched a new advertising campaign targeted at retail clients in Québec. These ads, which you can see on the screen, clearly highlight our distinctive positioning.

Regarding SMEs in Québec, Laurentian Bank is positioned as a banker of choice. As proof of our commitment to this sector we increased the number of SME account managers by 75%. Furthermore, to better serve and address the realities of different businesses, we have regrouped our product and service offerings among teams that have developed specific expertise in certain fields of business. By providing expert advice, we believe that we can most effectively support our SME clients and work in partnership with them.

We also serve the mid-market sector and real estate developers through our Real Estate and Commercial Financing segment, with 8 real estate financing offices across Canada and 6 commercial financing offices in Québec and Ontario. The sector delivered another record year. Net income in 2010 increased by 43% and loans grew by 19%, all the while upholding our prudent risk management approach.

In 2010, we opened a real estate syndication desk in Toronto. This gives us access to larger real estate loans and, as a result, we are able to further diversify and grow our portfolio.

We are proud to be able to say that we know our commercial clients, and their needs, well. We are flexible and recognize that our credibility to deliver on our promises to customers and the timely execution of loan offerings are key to our success. At our Bank, the client's agenda becomes our agenda. Moreover, it is our aim to expand our presence and activity within the area of business financing.

Now, I will turn to B2B Trust, which in 2010, reported remarkable growth in net income

of 45%. This business segment conducts its activities across Canada.

B2B Trust continues to be a leader in the financial intermediary market. It acquired this privileged position as it knows, understands and respects the more than 15,000 independent financial advisors with whom it does business. In addition to being well-recognized in the investment loan business and in deposit taking, B2B Trust is also positioning itself in the residential mortgages market.

In 2010, our subsidiary further developed its distribution channels. With more than 65 distribution agreements in place, B2B Trust serves the majority of the most important mutual fund firms in Canada who prefer to deal with a well established and reliable partner like us, for their investment loans.

By turning your attention to the screen, you will see that B2B Trust's targeted and distinctive approach applies to its advertising, just as it does to its clients and brand.

Our fourth segment, Laurentian Bank Securities and Capital Markets, with a team of 225 employees, also reported a good year. All of its divisions contributed to net income of \$10 million in 2010.

The Institutional Fixed Income division is solidly established and well-regarded across the country. Laurentian Bank Securities is playing a progressively more senior role in several provincial syndicates and has a growing presence in the corporate sector. It is actively participating in the debt issues of every province and is in an increasing number of municipal borrowings.

Laurentian Bank Securities is the only Bank-owned brokerage firm where its Institutional Equities division has a niche small cap focus. This specialization and expertise is becoming increasingly recognized and valued by SMEs. LBS is forging more and deeper relationships with the business community.

The Retail Brokerage division, with nearly 90 brokers, provides Québec-based clients a full suite of investment products. This entrepreneurial Bank-owned investment dealer, with a boutique mentality, is attractive to brokers and clients alike. Overall, Laurentian

Bank Securities is an important business segment for the Bank, offering potential as it builds and strengthens its foundation.

Our ongoing effort to improve products, services and processes has played a large role in transforming the Bank into what it is today. With each year we get better. With this continuous improvement, we are again raising the bar for our performance.

In 2011 we will be focused on maximizing the returns on our recent investments and operational excellence in execution, just as we will continue to make new strategic investments in our business development as opportunities arise. We remain committed to ensuring growth will be ongoing and profits sustainable. The strength of our business plan, our financial management and a dedication to good execution, supports the continuing evolution of our Bank and its continued growth and development.

Last December, the Board approved an 8% increase in our dividend, to a quarterly rate of \$0.39 per share. This reflects our confidence in the future. This strong foundation upon which our future rests is supported by three pillars. These pillars reflect what we are really made of and enable our organic and sustainable growth.

The first pillar is the focus that allows us to appropriately target our markets and prioritize our investments. Our main markets are Québec and larger Canadian cities, where we hold comparative and distinctive advantages. This continues to drive revenues across all business segments.

The second pillar is our agile growth. This is promoted through our culture of proximity and service and made possible by our light organizational structure. It enables us to easily adapt to changes and to be opportunistic. As well, it breeds innovation.

The third pillar is the excellence in execution. This is strictly adhered to owing to our commitment to deliver strong results as we proactively implement our business plan and deploy appropriate risk management practices.

While these three pillars are a source of strength for the Bank, so too are certain key stakeholders. I've already highlighted the invaluable support of our employees and

management team, who I thank most sincerely. I would also like to emphasize the quality of the partnership we have with the representatives of the union. The constructive relationship that we have built allows us to work together for the benefit of the Bank and its employees. And then there are the more than one million clients who put their trust in us. They are most definitely our *raison d'être*.

The members of the Board of Directors provide us with the good governance that has made Laurentian Bank such a solid, well managed and constantly growing financial institution; I thank them for their ongoing support. Finally, the support and trust of our shareholders are also indispensable to assure our growth, and we are extremely grateful to be able to count on you as well.

In 2011, Laurentian Bank will celebrate 165 years of history; 165 years of being firmly rooted in Québec. While we have reached this venerable age, we are still young, given that the majority of our activities did not exist 20 years ago. We are extremely proud of being a Québec bank and of the confidence that its customers have placed in us over all of these years. From Mgr Bourget who founded the Bank along with Louis-Hippolyte Lafontaine, Louis-Joseph Papineau and Georges-Étienne Cartier, we remain committed to the values of proximity and simplicity. Today, we have expanded beyond the Québec borders and do business all across Canada, demonstrating that our business strategies which permeate the organization are effective and well executed.

To conclude, as we reach our 165<sup>th</sup> year of operation and reflect upon our significant transformation of the past several years, our solid performance of today, and our potential of tomorrow, one thing is clear, the Bank has changed, it has evolved: "It's not the same bank anymore".

Thank you.