



LAURENTIAN  
BANK

# Positioned for Profitable Growth

Scotiabank Global Banking and Markets  
**FINANCIALS SUMMIT 2013**

**Réjean Robitaille, President & CEO**

**Toronto – September 4, 2013**



In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's 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 use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's Annual Report under the title "Integrated Risk Management Framework" and other public filings available at [www.sedar.com](http://www.sedar.com).

With respect to the anticipated benefits from the acquisitions of the MRS Companies<sup>1</sup> and AGF Trust Company (AGF Trust) and the Bank's statements with regards to these transactions being accretive to earnings, such factors also include, but are not limited to: the fact that synergies may not be realized in the time frame anticipated; the ability to promptly and effectively integrate the businesses; reputational risks and the reaction of B2B Bank's or MRS Companies' and AGF Trust's customers to the transactions; and diversion of management time on acquisition-related issues.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

## **NON-GAAP FINANCIAL MEASURES**

The Bank uses both GAAP and certain non-GAAP measures to assess performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other companies. These non-GAAP financial measures are considered useful to investors and analysts in obtaining a better understanding of the Bank's financial results and analyzing its growth and profit potential more effectively.

<sup>1</sup> The MRS Companies include the renamed B2B Bank Financial Services Inc., B2B Bank Securities Services Inc. and B2B Bank Intermediary Services Inc. (B2B Bank Dealer Services), as well as MRS Trust, which was amalgamated with B2B Trust (now B2B Bank) as of April 16, 2012.



## On track to meet our financial objectives for 2013

	2013 OBJECTIVES	YTD RESULTS
Revenue growth	> 5%	11%
Adjusted efficiency ratio *	72.5% to 69.5%	72.0%
Adjusted net income *	\$145.0 M to \$165.0 M	\$120.8 M
Adjusted return on common shareholders' equity *	10.5% to 12.5%	12.1%
Common Equity Tier 1 ratio (All-in basis)	> 7.0%	7.5%

\* Excluding adjusting items

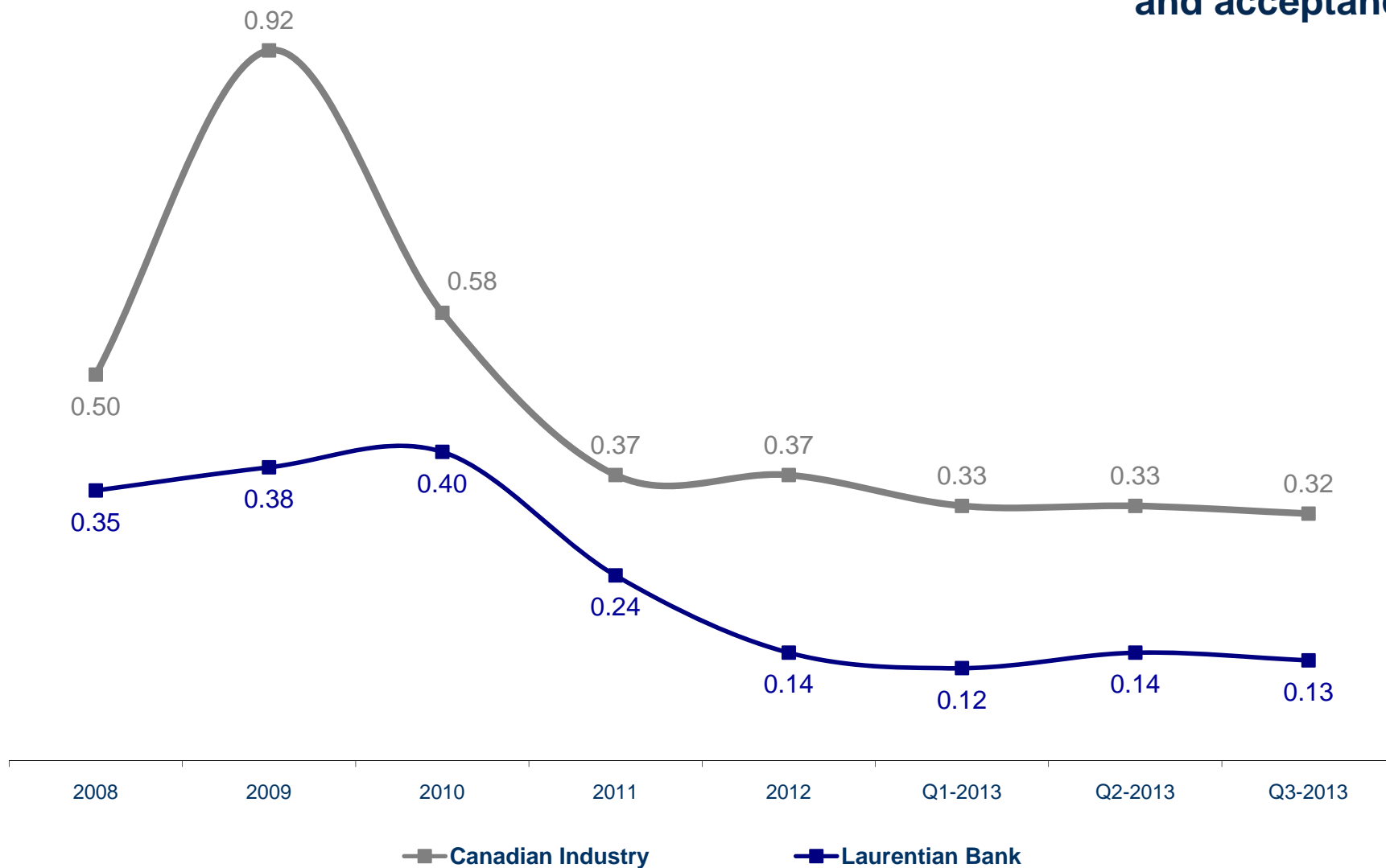
### Q3 2013 Highlights

- Adjusted net income: \$39.8 M\* up 13% Y/Y (Reported \$28.3 M)
- Adjusted ROE: 11.8%\* (Reported 8.1%)
- Excellent credit quality
- Strong increase in other income of 19%
- Stable net interest margin



# STABLE AND LOW LOAN LOSSES

Provision for loan losses as a % of loans and acceptances

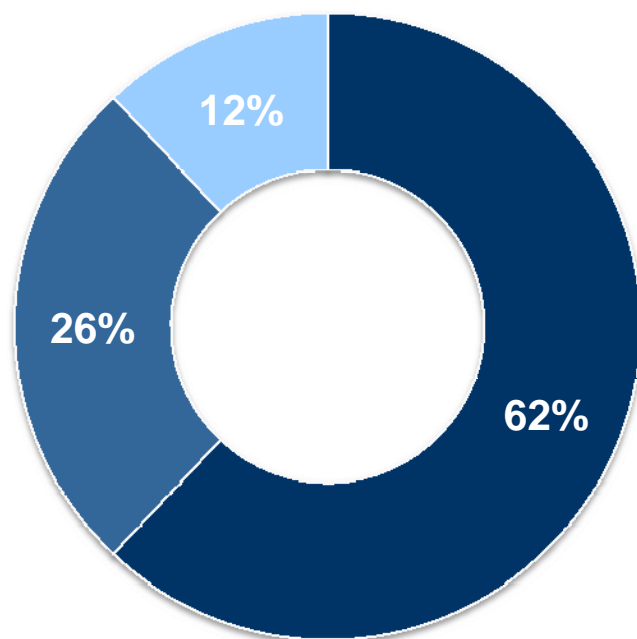


Symbol: LB, TSX



## Strong Canadian Presence

Geographic loan distribution as at July 31, 2013

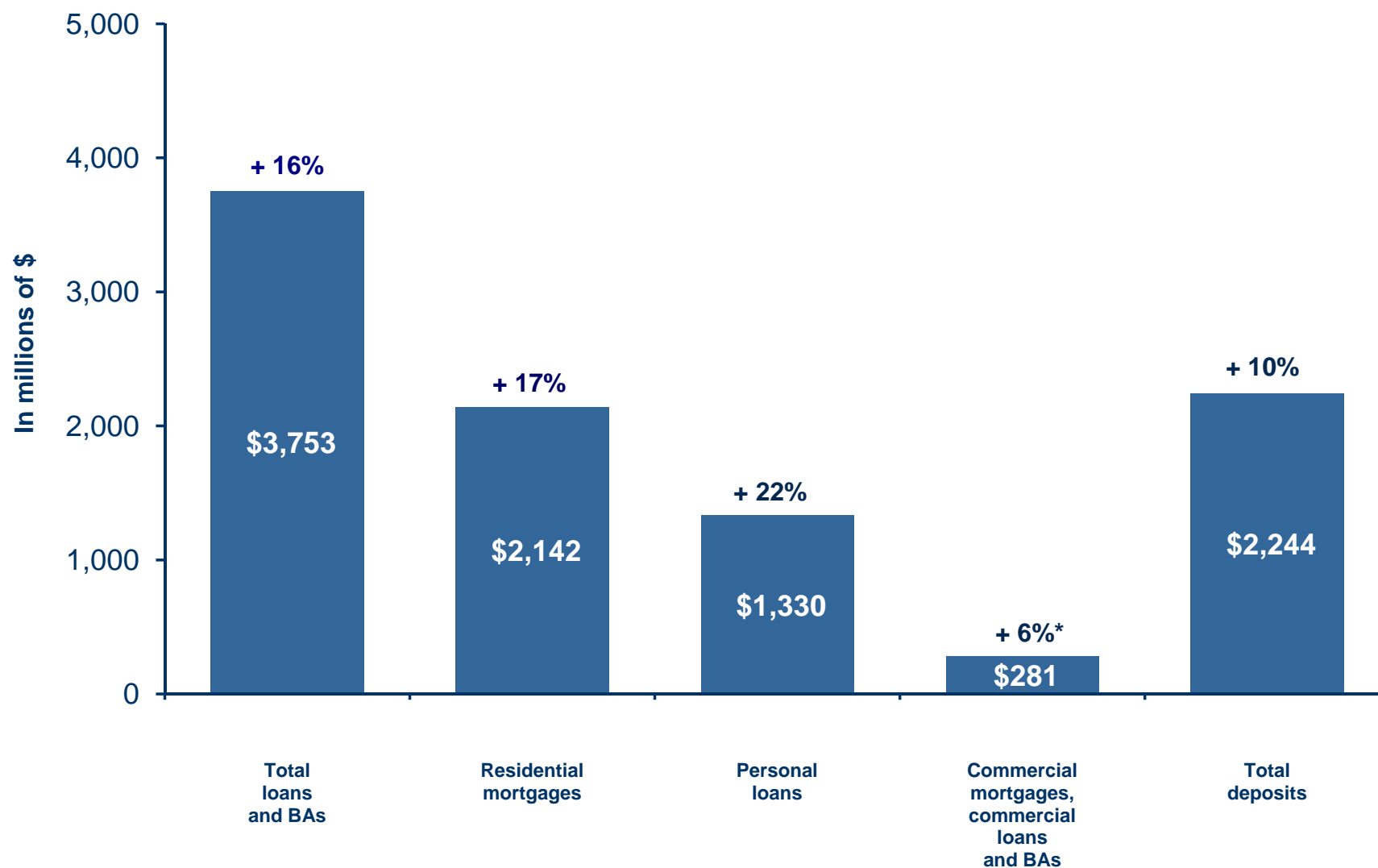


■ Québec ■ Ontario ■ Rest of Canada

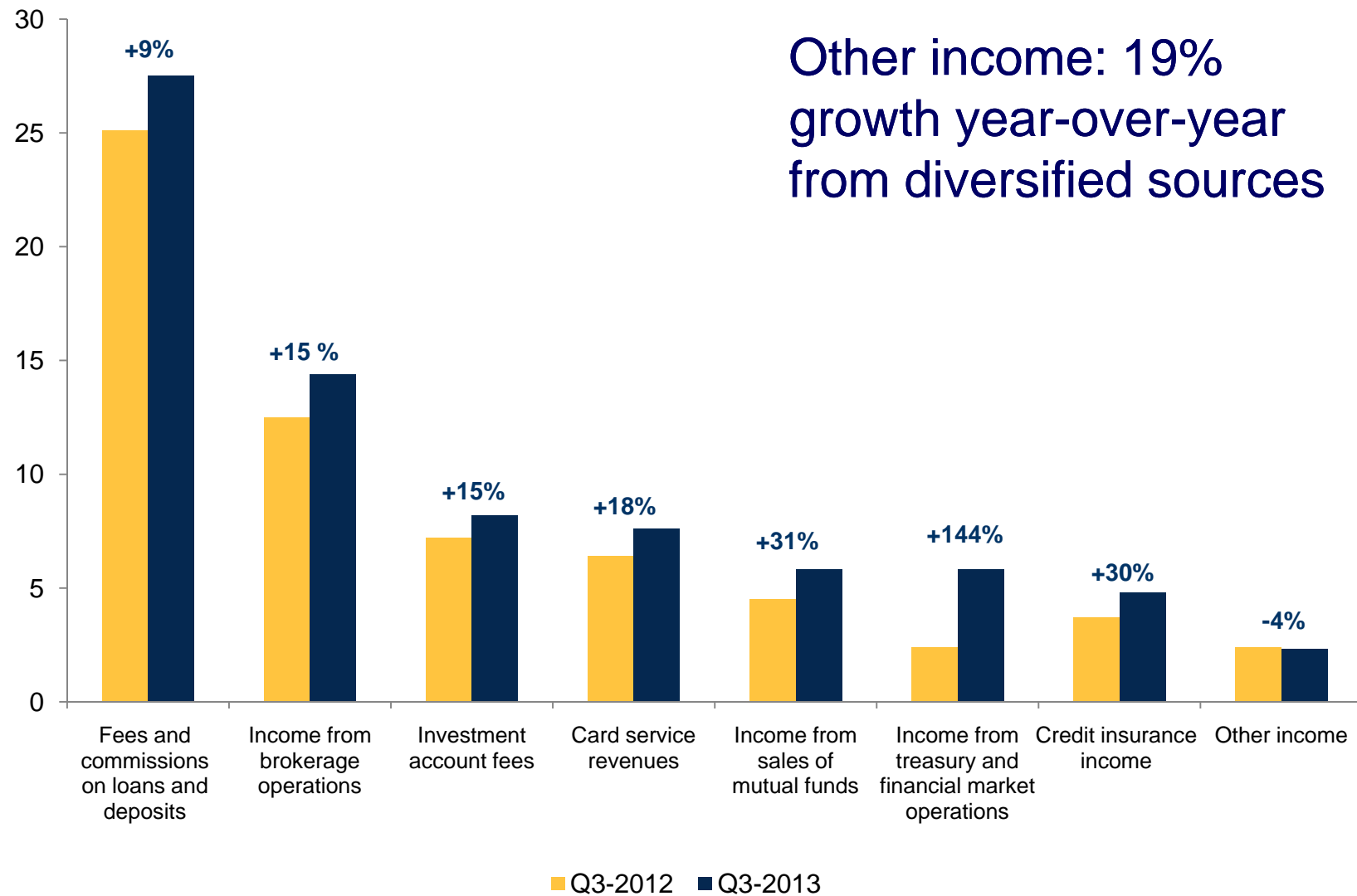
**More than 50% of  
our profitability  
comes from  
outside of Quebec**



12-month period ended July 31, 2013



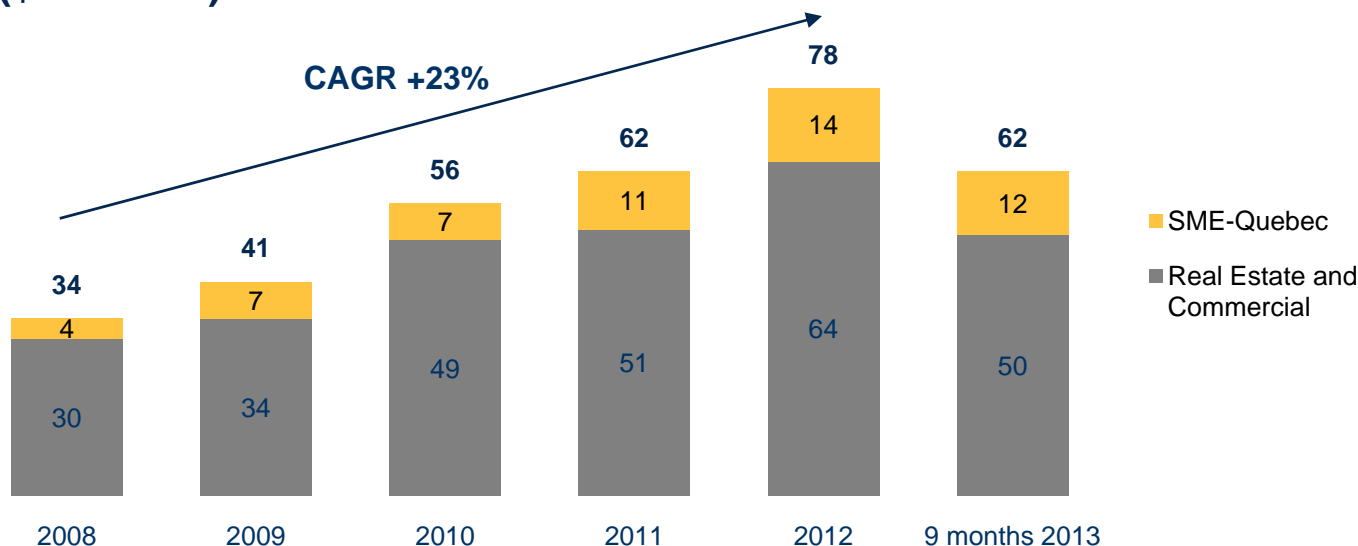
\* Includes the sale of \$94.7 million of commercial mortgage loans during the second quarter of 2013





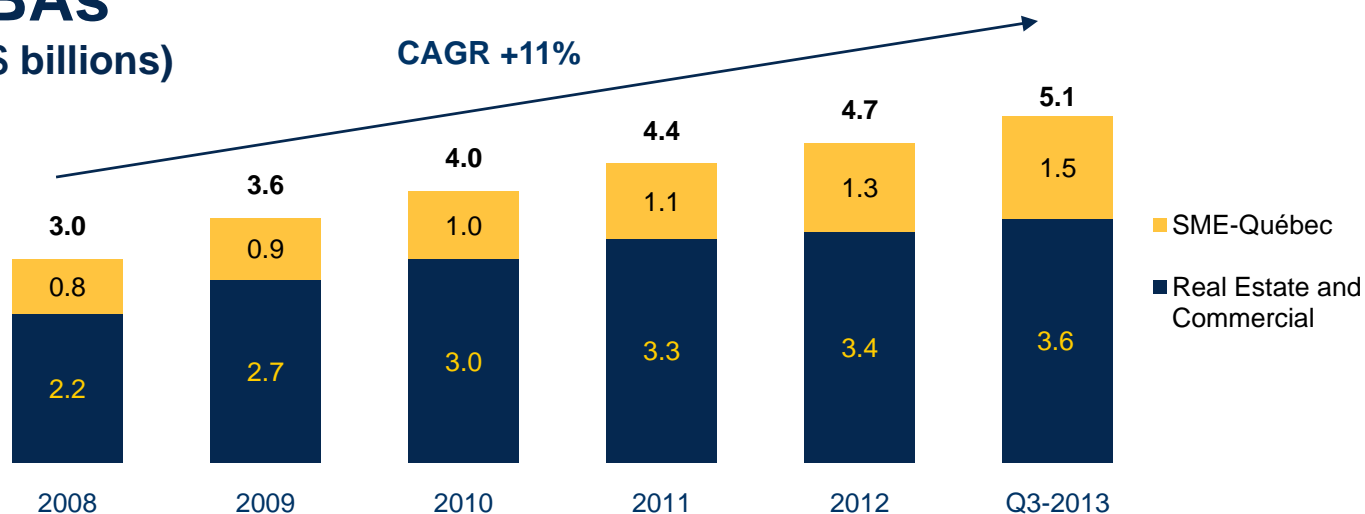
# COMMERCIAL OPERATIONS - GOOD GROWTH STRONG PROFITABILITY

## Net income\* (\$ millions)



## Loans and BAs\*

As at October 31 (\$ billions)



\* Results prior to 2011 have not been restated under IFRS





## ▪ **Strategic initiatives to**

- Accelerate our investment in virtual services
  - Natural progression to complement our upgraded branch network
  - Recent launch of our transactional web site with increased functionality
  
- Use partnerships to further our development
  - Form partnerships with companies providing added value and advanced solutions
  - Established credit card partnerships with FADOQ and The Réseau des Ingénieurs du Québec



<b>Gains from the MRS Companies</b>	<b>Gains from AGF Trust</b>	<b>B2B Bank today (July 31, 2013)</b>
\$20.8 billion of new Assets under Administration	Increased the loan portfolio by \$3.2 billion and the deposit book by \$2.8 billion	<ul style="list-style-type: none"> <li>• \$9.2 billion of loans</li> <li>• \$12.9 billion of deposits</li> <li>• \$27.3 billion in Assets under Administration</li> </ul>
Enlarged the network of financial advisors and brokers distributing products by 7,000	Enlarged the network of financial advisors and brokers distributing products by 5,000	<b>23,000 financial advisors and brokers</b>
280,000 new end-customers	150,000 new end-customers	<b>900,000 end-customers</b>
Reinforced IT capabilities by the addition of the state-of-the-art Dealers Services platform	Provided higher margin products, new product capabilities and increased distribution partners	<b>Complete suite of products for financial advisors and brokers</b>



- **Q4-2013**
  - Legal merger of B2B Bank and AGF Trust
  - Rebrand all products under B2B Bank banner
  - Stop selling AGF Trust products
- **Q1-2014**
  - Systems conversion from AGF Trust to B2B Bank
  - Relocation of all employees and operations to a single location
- **Q2-2014**
  - No fly zone to allow focus on RRSP season
- **Q3-2014**
  - Integration complete
  - Cost synergies complete
- **Q4-2014**
  - Preparation for revenue synergies
  - Increase in distribution partners
  - Increase in product capabilities

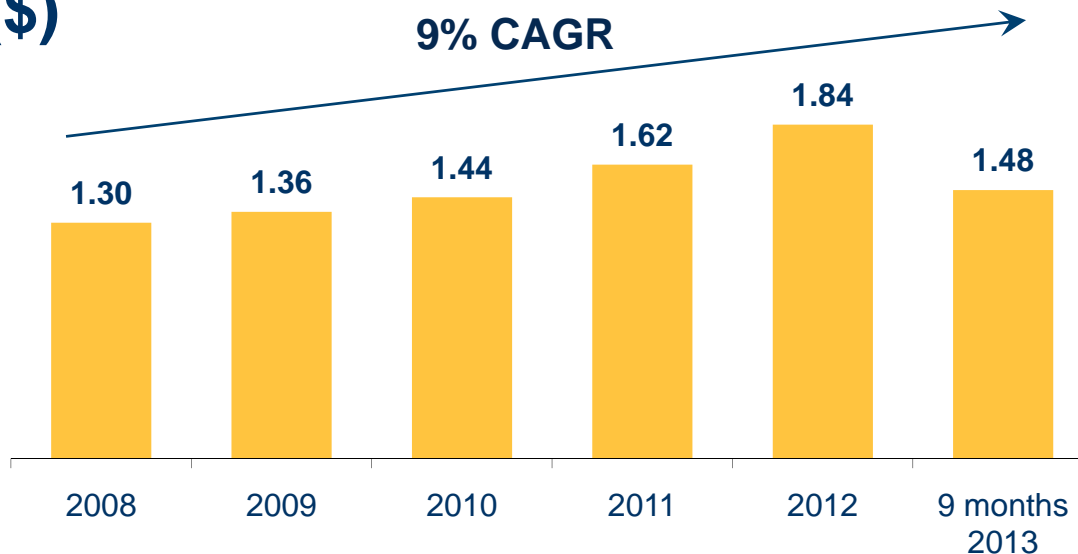


## Progressing towards AIRB

- We expect a two-tranche phase in of AIRB
- Expected timing:
  - First tranche: end of 2015
  - Second tranche: end of 2017

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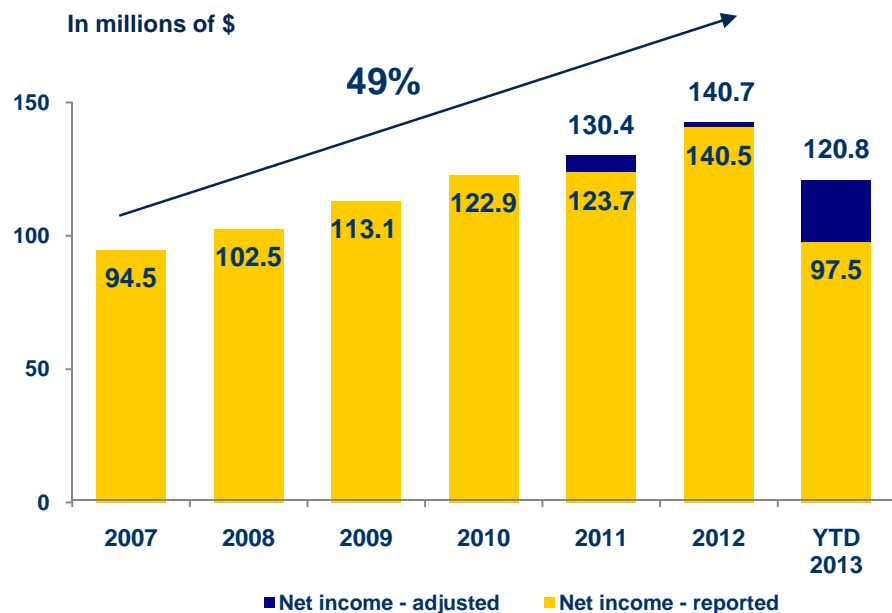
## Dividends (\$)



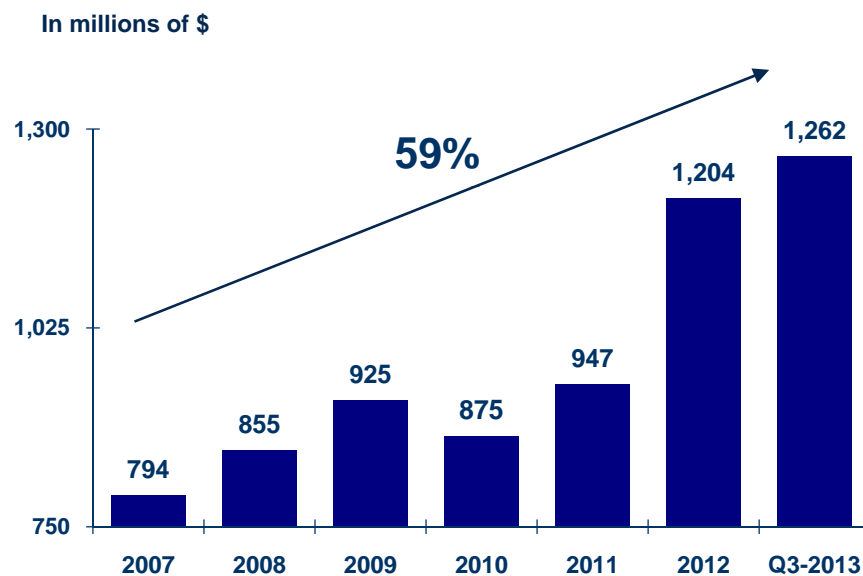
Symbol: LB, TSX



### Net income\*



### Common shareholders' equity\*\*



\* Figures prior to 2011 not restated under IFRS

\*\* Figures prior to 2010 not restated under IFRS

# QUESTIONS & ANSWERS



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# APPENDICES



As at August 27, 2013

**Stock symbol: TSX- LB**

**Recent stock price: \$44.85**

**Dividend yield: 4.5%**

**Price/earnings ratio (trailing 4 quarters\*) : 8.8 X**

**Book value per share: \$44.36**

**Market to book values: 1.0X**

**Number of shares outstanding: 28.4 million**

**Market capitalization: \$1.27 billion**

\* Based on earnings excluding Transaction and Integration costs related to the acquisition of the MRS Companies and AGF Trust





- **3<sup>rd</sup> largest financial institution in Québec** in terms of branches and **7<sup>th</sup> largest Canadian Schedule I chartered bank** based on assets
- **More than 240 points of service** across Canada, including **153 retail branches** and **422 ATMs**
- **\$33.8 billion of assets** on balance sheet as of July 31, 2013
- **Main markets:** Province of Québec with significant activities elsewhere in Canada (38% of total loans come from outside of Québec)
- **Over 4,200 employees**
- **Founded in 1846**



For the nine months ended July 31, 2013

## Retail & SME-Québec

## Real Estate & Commercial

## B2B Bank

## LB Securities & Capital Markets

% of total revenue <sup>(1)</sup> **52%**

**14%**

**26%**

**8%**

% of net income <sup>(1)(2)</sup> **23%**

**36%**

**35%**

**6%**

- Financial products and services for retail and SME in Québec

- Real estate financing for commercial property and commercial banking for medium-sized enterprises across Canada

- Personal banking products such as investment loans, mortgages, high interest accounts, GIC's and investment accounts and services distributed through a network of financial advisors and brokers to their clients

- Integrated broker serving Institutional and Retail investors; Bank-related capital market activities

- Approximately 2,300 employees
- 153 retail branches in Québec
- 24 commercial offices in Québec

- Approximately 140 employees
- 14 offices in Ontario, Western Canada and Québec

- Approximately 800 employees

- Approximately 250 employees
- 16 offices in Québec, Ontario and Manitoba

### Balance as at July 31, 2013

- \$11.3 B in residential mortgage loans and home equity lines of credit
- \$0.4 B in personal lines of credit
- \$1.5 B in commercial loans – SME Québec
- Total deposits: \$9.5 B
- Assets under administration \$2.5 B

- \$2.4 B in commercial mortgage loans
- \$0.8 B in commercial loans
- Total deposits: \$0.5 B

- \$4.7 B in investment and RRSP loans
- \$4.1 B in brokered mortgages
- Total deposits: \$12.9 B
- Assets under administration \$27.3 B

- Assets under administration: \$2.4 B

(1) Excluding Other segment

(2) Excluding adjusting items



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