

# NOTES FOR THE SPEECH OF MR. DENIS DESAUTELS, CHAIRMAN OF THE BOARD

## LAURENTIAN BANK

### ANNUAL MEETING OF SHAREHOLDERS MARCH 20, 2012 AT 9:30 AM AT THE PIERRE-PÉLADÉAU CENTER, IN MONTRÉAL

#### **Caution Regarding Forward-looking Statements**

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.

Financial objectives for 2012 are based on expected results presented on an International Financial Reporting Standards (IFRS) basis. The completion of the IFRS conversion process in 2012 could lead to changes to these objectives.

The *pro forma* impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The *pro forma* impact of Basel III on regulatory capital ratios also includes the anticipated impact of IFRS conversion. The Basel rules and impact of IFRS conversion could be subject to further change, which may impact the results of the Bank's analysis.

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 Management's Discussion and Analysis section under title "Integrated Risk Management Framework" and the Bank's public filings available at [www.sedar.com](http://www.sedar.com).

With respect to the MRS Companies transactions, such factors also include, but are not limited to: the anticipated benefits from the transaction such as it being accretive to earnings and 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 Trust's or MRS Companies' customers to the transaction; 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 has adopted IFRS as its accounting framework. IFRS are generally accepted accounting principles (GAAP) for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011.

The Bank uses both generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess its 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.

Only the delivered speech shall be considered as authoritative

**PRESENTATION BY DENIS DESAUTELS  
CHAIRMAN OF THE BOARD**

**LAURENTIAN BANK OF CANADA**

**AT**

**LAURENTIAN BANK'S  
ANNUAL MEETING OF SHAREHOLDERS**

**MARCH 20, 2012**

Dear shareholders, clients and Bank employees...

Good morning.

I am always delighted to have the opportunity to meet and address you at our Annual Meeting of Shareholders.

As you know, we celebrated the Bank's 165th anniversary in 2011. This long history written by our predecessors and by ourselves is brimming with fascinating chapters. Our institution has gone through world wars and economic crises. It has successfully adapted to a constantly changing environment and to consumers who, today, expect an increasing choice of options made available more quickly. For those with an interest in history — and I am one of those individuals — the history and evolution of our Bank helps us to understand the history and evolution of Québec and Canadian enterprises in general. Looking back can help us better interpret the present and to imagine what our future may hold.

### **A Solid Fiscal Year**

This past year was an excellent year for Laurentian Bank, marked once again by growth and profitability. Messrs Robitaille and Lauzon will soon be providing you with an overview of some of our key financial results. Such positive results posted year after year are not the product of happenstance, but rather, of the outstanding work of our management team and our 4,000 or so employees at our more than 235 branch and office locations across Canada who have devoted their energy and imagination to assuring the growth of our organization.

Conditions have remained difficult for all financial services organizations given the persistent volatility of global financial markets, combined with the hesitant economic climate. In view of these circumstances, on behalf of the Board of Directors and shareholders alike, I must congratulate our teams and all of our employees for their contribution to the Bank's solid performance.

## **Two Important Strategic Acquisitions**

Over the past several years, the Bank has pursued its development by focusing primarily on the organic growth of its business sectors. This strategy has served us well, as attested to by our results over the past few years.

Furthermore, this organic growth has provided us with a very solid operating base and balance sheet... so much so that, when presented with an attractive acquisition opportunity, we were in a good financial position to be able to take advantage of it. I am referring, of course, to the acquisition of the MRS Companies by B2B Trust. The other exceptional opportunity that we seized upon was the agreement with Mackenzie Investments for the distribution of their mutual funds in our branch network. These two transactions are fully aligned with the business strategies of B2B Trust and the Retail and SME-Québec sector, and we are confident that they should contribute progressively to the performance of these two business units.

## **Dividend Payment Policy**

Fiscal 2011 also demonstrated to our shareholders and the financial community that we have remained consistent in our policies regarding paying and increasing our dividend.

Despite the uncertain economic context, the Bank increased its dividend twice last year. In fact, at the end of 2011, the Bank announced a further increase, raising it to \$0.45 per share effective the first quarter of 2012. Thus, between the end of fiscal 2010 and the first quarter of 2012, our quarterly dividend rose from \$0.36 to \$0.45, representing an increase of 25%. This clearly attests to the solidity of our institution and to the confidence in its future.

## **Our Values of Simplicity, Proximity and Flexibility**

As the world of financial institutions becomes more and more complex, we have consistently strived to immunize Laurentian Bank from that trend.

Through its business model, the Bank's prescription has called for high doses of simplicity, proximity and flexibility. These qualities enable us to react quickly to changing market conditions and to make the right decisions at the right time. They are also essential qualities within the context of a rapidly changing environment in which the speed at which information travels — about the sovereign debt of a European country, for example — can provoke excessive volatility in markets worldwide. In addition, these are indispensable qualities within a regulatory environment that is in a constant state of evolution.

At Laurentian Bank, our philosophy is not to complicate things needlessly. Our business model is simple, as are our structures and families of products and services. We make it a priority to maintain close ties to our clients and their concerns. Indeed, we prize these values of simplicity and proximity that have become the hallmark of our organization since its earliest beginnings 165 years ago.

## **The Challenge of Regulation**

Since the financial crisis of 2008, international financial regulatory authorities have made great progress in curbing the opportunistic and high risk activities that were impeding certain banking activities. We support these initiatives undertaken so as to clarify the rules and tighten controls on financial institutions.

**However**, in Canada, the banking sector is already among the most regulated. On the international scene, our system is often looked upon as a model. But in an era of market globalization, we cannot operate in isolation. Our regulation must be aligned with international conventions. Nevertheless, we are calling for the regulation to be flexible enough to take the particular situation of each institution into account.

In other words, we hope that the regulation continues to apply so as to preserve the solidity and stability of our system, while recognizing the needs of clients and the benefits of diversity. We believe that such an evolution is desirable so that regulation remains well adapted to all players within the Canadian banking system, regardless of their size.

### **Experience and Expertise: Indispensable Assets**

In the midst of this period of uncertainty and market volatility, the wisdom and experience of the Bank's Board members serve as invaluable assets. They are particularly manifest in the work of three advisory committees — the Audit Committee chaired by Richard Bélanger, the Risk Management Committee headed by Pierre Genest, and the Human Resources and Corporate Governance Committee under the leadership of Isabelle Courville.

Whether focusing on the transition to International Financial Reporting Standards, the new bank capitalization rules, or on executive compensation programs, the members of these committees have accomplished admirable work. Bringing all of their respective experience and expertise to the table, they contribute tremendously to the Bank's solidity and good governance. I would like to remind you that twelve of the thirteen members of the Board are independent; Mr Robitaille is the only non-independent member.

We have proposed the candidacy of a new Director this year — Ms. Michelle R. Savoy — who is being nominated for the first time.

Over the course of her 25-year career, Ms. Savoy has acquired vast knowledge of the financial services sector, including the management of investments and securities. She

has been nominated to fill the seat left vacant subsequent to the departure of Ms. Ève-Lyne Biron.

On behalf of all Directors, management and shareholders, I would like to take this opportunity to extend my sincere thanks to Ms. Biron for her contribution to the Board. Having sat as a Director for nine years, her management expertise and keen business sense were key assets to us.

### **Acknowledgements**

In conclusion, I would also like to express my gratitude to our shareholders for their loyalty and support. Rest assured that the Board of Directors will continue to look after your interests and to work in concert with senior management to pave the way to reach new levels of growth for Laurentian Bank.

I would like to now invite Executive Vice-President and Chief Financial Officer, Mr. Michel Lauzon, to present the Bank's financial results.

Michel....