

PRESENTATION BY RÉJEAN ROBITAILLE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

LAURENTIAN BANK

ANNUAL MEETING OF SHAREHOLDERS

April 2, 2014

NOTES FOR THE SPEECH OF MR. RÉJEAN ROBITAILLE,

PRESIDENT AND CHIEF EXECUTIVE OFFICER

LAURENTIAN BANK

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APRIL 2, 2014 AT 9:30 AM

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#### **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.

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 "Risk Appetite and Risk Management Framework" and other public filings available at [www.sedar.com](http://www.sedar.com).

With respect to the anticipated benefits from the acquisition of AGF Trust Company (AGF Trust) and the Bank's statements with regards to this transaction 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 and AGF Trust's 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.

### **ADOPTION OF THE AMENDED IFRS ACCOUNTING STANDARD ON EMPLOYEE BENEFITS**

Effective November 1, 2013, the Bank adopted the amendments to the existing International Financial Reporting Standards (IFRS) on employee benefits, which required restatement of the Bank's 2013 comparative information and financial measures. In addition, the Bank issued on February 12, 2014 a separate press release which provides quarterly and full year financial results for 2013 reflecting the adoption of these amendments. The adoption of this standard also impacted regulatory capital as of the adoption date. On a pro forma basis, as at October 31, 2013, the Common Equity Tier 1 capital ratio would have been reduced by approximately 0.2% to 7.4%. Additional information on the impact from the transition is also available in the notes to the unaudited condensed interim consolidated financial statements and in the supplementary information reported for the first quarter of 2014.

### **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.

Only the delivered speech shall be considered as authoritative

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

### **Annual Meeting of Shareholders – April 2, 2014**

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Dear shareholders,  
Ladies and gentlemen.  
Good morning.

I am very pleased to welcome you to this year's annual meeting that provides us with an opportunity to review our principal accomplishments of the past fiscal year.

#### **Seven Consecutive Years of Record Results**

In 2013, we generated record results for a seventh consecutive year, and the Bank surpassed the \$150 million mark in adjusted net income for the first time in its history.

Last year's results are consistent with those of the past few years. In fact, as Michel pointed out earlier, for the period from 2009 to 2013, our principal key performance indicators all showed an upward trend. These solid results were posted within a context of economic turbulence characterized by low interest rates and new regulatory constraints that require investments on our part to assure compliance.

In addition to this positive performance, the past number of years have also enabled us to reinforce our foundations and refine our strategies. In that regard, I would like to introduce you to my closest collaborators who are the architects of our strategies and the successes arising from them:

- François Desjardins, President and Chief Executive Officer of B2B Bank
- Gilles Godbout, Head of Retail Services and Chief Information Officer
- Michel C. Lauzon, Chief Financial Officer

- Pierre Minville, Chief Risk Officer
- Lorraine Pilon, Head of Corporate Affairs and Human Resources
- Stéphane Therrien, Head of Business Services
- Michel C. Trudeau, President of Laurentian Bank Securities

I would now like to take some time to talk about the orientations that will guide the future actions of our four large business segments.

### **Business Services Growing Strong**

Let's begin with our commercial activities, which concentrate on SME's real estate developers. Over the past five years, our commercial loans have grown by 85%. In 2013, the value of our commercial loan portfolio surpassed the \$5 billion mark, distributed more or less equally between business loans and real estate financing.

Through our presence in Québec, Ontario, Alberta and British Columbia, we have built a solid reputation in numerous specializations where our teams of experts have enabled us to stand apart in the market.

Among our areas of expertise, I must mention real estate financing where we manage a portfolio in the order of \$2.5 billion. Numerous major construction projects were successfully completed thanks to the participation of Laurentian Bank. We served as a financial partner for the Groupe Maurice for several residence projects and for the real estate developer, Samco, for different condominium tower projects. We are also involved in financing the DIX30 quarter with the company Ipso Facto and the developer Devimco, as well as two projects near the Bell Center, to name a few.

With respect to commercial financing, we are increasingly earning recognition in specialized niches where we add significant value to our clients.

This specialization strategy is bearing fruit and is allowing us to differentiate ourselves in the market. Thanks to the specialized teams we have in place, we are able to establish business relations based on a thorough understanding of the markets in which each of our clients operate. Thus, we have a better knowledge of their business objectives and work hand-in-hand with them to offer solutions that are well adapted to their specific realities. The niches in which we have developed specializations include renewable energy, aeronautics, health care services, public-private partnerships and agro-food processing. With respect to the latter niche, for example, we are very proud that our specialists are able to contribute to helping entrepreneurs like J.B. Laverdure and Les vergers Leahy to pursue their growth.

Continuing on the subject of Business Services, we are especially proud to have successfully launched our leasing solutions last autumn. In fact, we are the first banking institution in Québec to offer these solutions. Leasing provides our clients with a highly attractive alternative to traditional financing, offering them additional flexibility in their investments and efforts to boost their productivity.

As you know, SMEs serve as a powerful motor driving the Québec and Canadian economies. We are very pleased to be adding value to our line of products by offering small and medium-sized enterprises this financing solution that will enable them to sustain and accelerate their growth.

We are intimately familiar with the entrepreneurs leading these enterprises, as they have been our business partners for a very long time. We observed that the management of their personal banking affairs often poses, from time perspective, a challenge for them. Therefore, we decided to regroup our Private Banking team with our Commercial Services group in 2013 so as to create better synergies and a superior offering to serve the full range of this clientele's needs.

## **Successful Integrations for B2B Bank**

I would now like to speak about B2B Bank. As you know, our subsidiary has been very active over the past few years, with the acquisition of the MRS Companies in 2011 and AGF Trust in 2012. The process of integration is now almost complete, and all of B2B Bank's employees and those of the two acquired companies are now located in a single office on Bay Street in the heart of Toronto's financial district, from where they can even better serve their clients.

With these acquisitions, B2B Bank's business volume has increased quasi-exponentially. Total loans grew by 61%. Assets under administration were multiplied by eight, climbing from \$3.5 billion to \$28.7 billion. This phenomenal growth is a direct result of B2B Bank's successful management of its two acquisitions, and from which we are benefitting today.

In fact, B2B Bank's proactive development strategies have translated into a 70% increase of the sector's contribution to the Bank's adjusted net income over the past five years.

Thanks to its two acquisitions, B2B Bank has reinforced its position in its field. We are committed to being THE bank for financial advisors in Canada. Our subsidiary's business model is based on targeting clients seeking to secure their future and financial health with the help of a financial advisor or broker. Serving more than 27,000 financial advisors and brokers, B2B Bank has now become an indisputable reference in its field owing to the competitiveness of its products and services.

Thanks to our commercial activities and those of B2B Bank, Laurentian Bank today has a pan-Canadian presence. With close to 40% of our loans outside Québec, we have established a significant nationwide stature. I would also like to point out that approximately half of our profitability is now derived from activities conducted beyond Québec's borders. This assures us of greater diversification and allows us to take

greater advantage of the Canadian economy's regional particularities.

### **Modernizing Our Retail Services**

As essential as ever to our activities, and the cornerstone of our development for the past 167 years, our Retail Services continue to be reinvented.

Banking services have undergone a profound transformation as today's clients have come to expect to conduct their affairs via multiple channels, including branches, ATMs, the Internet, smart devices, and so on. Consequently, we must ensure that they can easily do their business with us where and when they choose to, according to their preferences.

In that regard, we have improved our services over the past year, notably with the launch of our new transactional platform on the Internet. Similarly, the simplification of our methods and processes has been a key priority in order to free our advisors from certain administrative tasks and, thus, allow them to devote more of their time to advising their clients and helping them realize their plans.

Throughout this evolution of banking services, the Bank has set itself apart by its dedication to providing its retail clientele with the best possible service and by employing all of its ingenuity and agility to facilitate their life. Our clients have demonstrated their loyalty toward us; it is our duty to recognize and continue to merit that loyalty by constantly becoming better.

### **Diversification and Expansion at Laurentian Bank Securities**

I'd like to now turn to Capital Markets and Laurentian Bank Securities, which we collectively refer to as LBS. This sector continues to be a key player in fixed income products throughout Canada and is being increasingly recognized for its excellent team covering the economy and stock markets.



Next week, LBS will be holding its first conference for institutional investors focused on small-cap enterprises. The conference will concentrate particularly on businesses covered by LBS's research team. The event is certain to consolidate LBS's position as a choice firm within the small-cap niche.

I also want to take this opportunity to underline the excellent work of LBS's Retail Services team, which is now comprised of some 85 investment advisors. Within the context of today's market volatility, the advice of these experts is especially valuable and appreciated by our clients.

### **Attentive to Our Clientele**

As the strategies of our four major business sectors have developed, one element has consistently remained at the forefront. That is assuring we always stay relevant for our clients by acting in accordance with our values of simplicity and proximity. Generating added value for our clients remains the best way of also creating long-term value for our shareholders.

In that regard, I would like to underline that the Bank's management team and Board of Directors assign particular importance to the principles of good governance and integrity. Laurentian Bank's foundations are built on our clients' confidence. We consider it to be our duty to act responsibly and equitably vis-à-vis all of our stakeholders — our employees, our clients and our shareholders alike.

Laurentian Bank has earned an excellent reputation founded upon our values of respect and integrity. We are extremely proud of this enviable reputation, and we spare no effort to maintain it.

I sometimes hear people say that Laurentian Bank is a small bank within the context of the Canadian banking structure. However, from a more global viewpoint, the reality is quite different.

We rank 36<sup>th</sup> among the 7,000 or so banks operating in North America and 7<sup>th</sup> in Canada. Despite this enviable position of which we are very proud, our aim is not to be the largest bank, but rather, to be a bank with a marked human dimension and a financial partner that is ever present for its clients. Our ambition is to be the best in the markets and niches in which we operate. And know that our employees and management team are working towards that every day.

Speaking of our employees, once again this year, we were recognized for the quality of our human resources programs. More specifically, we were ranked among *Montréal's Top Employers* under the banner of a competition organized by Media Corp. This distinction was added to two other prizes we earned over the past couple of years — that of having one of the *Most Admired Corporate Cultures in Canada*, and being ranked among *Canada's Passion Capitalists*.

As I do every year, I would now like to take a few minutes to underline the exceptional contribution of a number of our employees to the Bank's success.

First, we wish to recognize a number of teams this year whose perseverance, ingenuity and dedication enabled the Bank to attain, and even, exceed its objectives. Here now are the recipients of the two Ray McManus Team awards — the team from Real Estate Financing, Central region, as well as the Anti-Fraud Center. I invite representatives from these two teams to stand up so we can applaud you.

Another group award is being presented this year in recognition of a remarkable project, and it goes to the B2B Bank team for their work on the integration of AGF Trust.

Now, please allow me to introduce eight employees who earned the Bank's highest distinctions this year — the Guy-Vanier and Laurentian Bank Up-and-Coming awards. The recipients of the Up-and-Coming awards are **Yunping Wong**, Intermediate Process Analyst, B2B Bank, and **Louis-Philippe Leblanc**, Senior Analyst, Market Risk.

And, this year's Guy-Vanier award recipients are:

- Carolyne Boisvert, Assistant Vice-President, Net Interest Income and Client Profitability
- Nathalie Houde, Client Relations Manager, Beaubien/Langelier Branch
- Denis Labbé, Senior Advisor, Solutions Architecture, Innovation and Process Optimization
- Louise Vézina, Senior Manager, Business Development, Private Banking
- Frank Yan, Senior Analyst, Finance, B2B Bank

Finally, I am very proud to present the recipient of the Career award. A woman who has been employed by the Bank for over 35 years, she has constantly carried out her functions with enthusiasm and dedication and has always had all the time in the world for her clients and employees. Our Guy-Vanier Career award this year goes to Ms. Francine Barbe, Assistant Vice-President, Local Market Downtown/Plateau.

To conclude, today, I would like to thank you — shareholders, clients, business partners and employees — for the confidence you have shown in Laurentian Bank. Be assured that we will pursue our efforts to meet your expectations.

Thank you for your attention.