LAURENTIAN BANK
First Quarter 2016
Conference Call

February 25, 2016 at 2 p.m.

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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: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, developments in the technological environment, the ability to realize the anticipated benefits from the purchase of an investment loan portfolio and the reaction of the seller's customers to the transaction, as well as, the ability to operate the Bank's transformation plan. 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 under the title “Risk Appetite and Risk Management Framework” in the Bank's Annual Report, as well as to other public filings available at www.sedar.com.

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.

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FRANÇOIS DESJARDINS

President and Chief Executive Officer

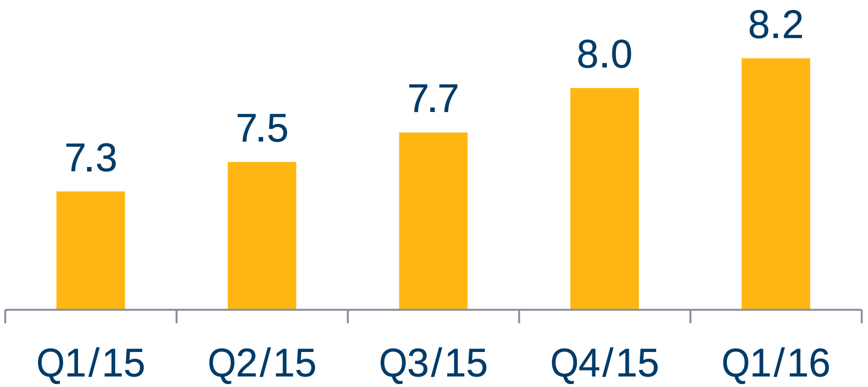
STRATEGIC HIGHLIGHTS

Q1-2016 Highlights

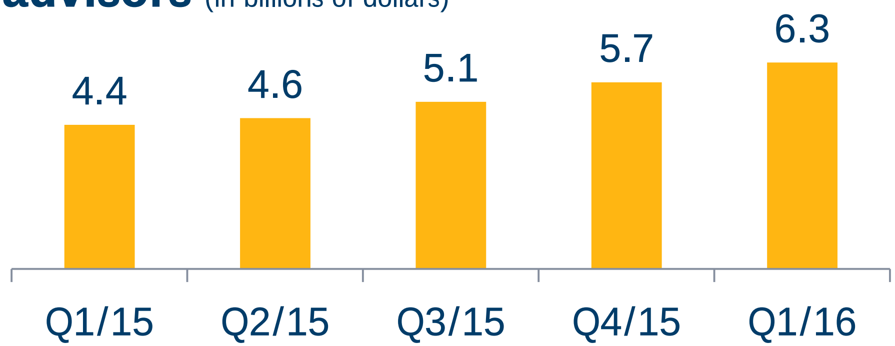
Good core earnings	- Adjusted net income up 8% Y/Y - Adjusted EPS up 5% Y/Y
Challenging market environment	- Realized market-related losses of $0.08 per share - Lower securities-related revenue
Rigorous cost control	- Adjusted efficiency ratio improved 110 bps Y/Y - Positive operating leverage
Strong organic growth in key sectors	- Loans to business customers up 11% Y/Y - Residential mortgage loans through B2B Bank independent brokers and advisors up 45% Y/Y - Volume growth drove increase in net interest income of 7% Y/Y
Good credit quality	- PCL down 13% Y/Y - Loan loss ratio of 12 bps
Capital	- CET1 ratio of 7.7% - $67.5M common share issue closed in December - Market-related issues impacted capital

Key Growth Drivers: On-Balance Sheet

Loans to Business Customers
(in billions of dollars)



Residential mortgage loans through B2B Bank independent brokers and advisors (in billions of dollars)



Loans to business customers and B2B Bank's residential mortgage loans, continue to be the Bank's key growth drivers

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Mid-Term Objectives

Adjusted Financial Performance		Q1/16
Diluted EPS	Grow by 5% to 10% annually	$ 1.39 Up 5% Y/Y
Efficiency ratio	< 68% by 2019	70.3% Down 110 bps Y/Y
Operating leverage	Positive	0.6%
ROE	14% by 2019	11.9% Up 60 bps Y/Y
Leverage the Bank's key growth drivers:		
Loans to business customers	Grow by more than 60% to $13B by 2019	$ 8.2B Up 11% Y/Y
Residential mortgage loans through B2B Bank independent brokers and advisors	Grow by more than 50% to $9B by 2019	$ 6.3B Up 45% Y/Y
Mutual funds to retail clients	Grow by more than 80% to $6B by 2019	$ 3.2B Up 2% Y/Y
Assets under management at Laurentian Bank Securities	Grow by more than 25% to $4B by 2019	$ 3.1B Up 4% Y/Y

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FRANÇOIS LAURIN

Executive Vice-President and
Chief Financial Officer

FINANCIAL RESULTS

Q1 2016 Financial Performance

	Q1/16	Q/Q	Y/Y
Adjusted			
Net income	$ 43.7	- 1%	8%
Diluted EPS	$ 1.39	- 3%	5%
ROE	11.9%	- 20 bps	60 bps
Efficiency Ratio	70.3%	- 50 bps	- 110 bps

	Q1/16	Q/Q	Y/Y
Reported			
Net income	$ 42.7	n.m.	19%
Diluted EPS	$ 1.36	n.m.	18%
ROE	11.6%	n.m.	170 bps
Efficiency Ratio	70.3%	n.m.	- 340 bps

– Good financial performance with Y/Y improvements across all adjusted measures

– Realized market-related losses on securities of $3.1M ($2.3M after income taxes) or $0.08 per share

– $67.5M common share issue in December (1,297,200 common shares issued)

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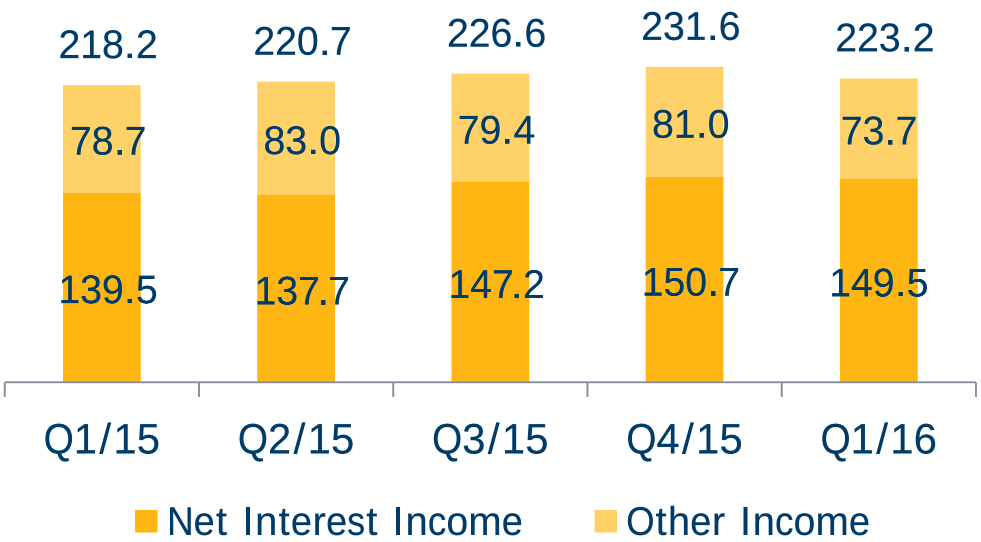
Total Revenue

(in millions of dollars)	Q1/16	Q/Q	Y/Y
Net Interest Income	$ 149.5	- 1%	7%
Other Income	$ 73.7	- 9%	- 6%
Total Revenue	$ 223.2	- 4%	2%

Total Revenue
(in millions of dollars)



- Total revenue increased by $5.0M Y/Y, as growth in net interest income was offset by lower other income
- Net interest income increased by $10.0M Y/Y, mainly generated by strong volume growth in loan portfolios
- Other income decreased by $5.0M Y/Y, essentially as a result of poor financial market conditions

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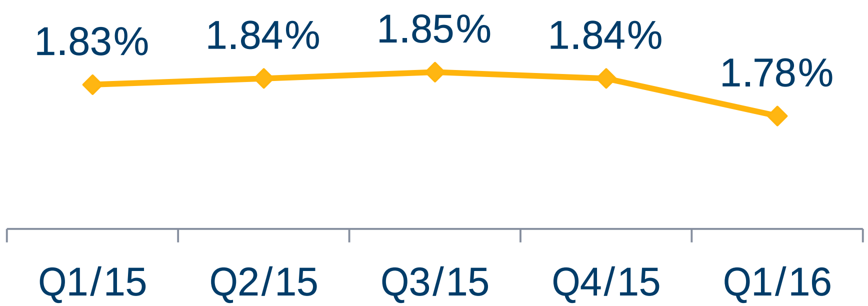
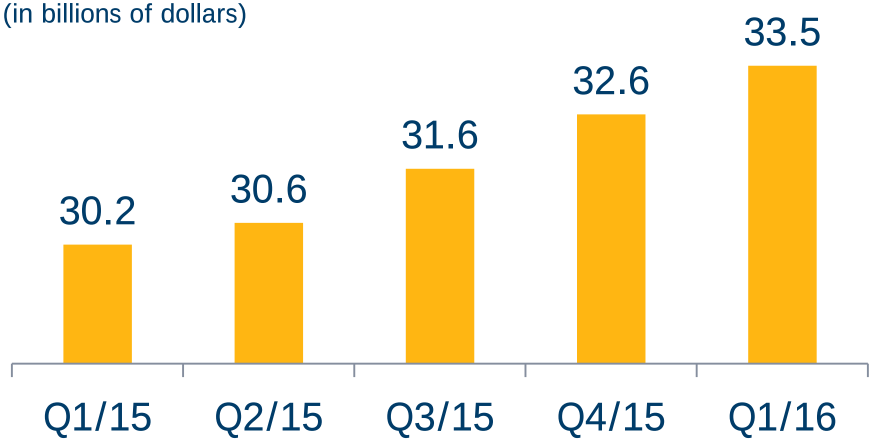
Net Interest Margin (NIM)

Net interest margin (NIM)
(on average earning assets)



Average earning assets
(in billions of dollars)



– NIM stood at 1.78%
  - a decrease of 5 bps Y/Y as a result of tighter margins stemming from the very low interest rate environment and growth in the lower-yielding residential mortgage loan portfolio
  - a decrease of 6 bps Q/Q mainly due to the growth in the lower-yielding residential mortgage loan portfolio, higher liquid assets, and a tighter Prime-BA spread

– Average earning assets increased 11% Y/Y and 3% Q/Q mainly due to B2B Bank's residential mortgage loan portfolio and the higher-margin portfolio of loans to business customers

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Other Income

Other Income (in millions of dollars)	Q1/16	Q/Q	Y/Y
Deposit service charges	$ 14.3	- 3%	- 4%
Lending fees	13.3	0%	9%
Card service revenues	8.1	11%	5%
Fees and commissions on loans and deposits	35.7	1%	2%
Income from brokerage operations	13.1	- 14%	- 13%
Income from sales of mutual funds	9.9	- 3%	22%
Income from treasury and financial market operations	1.7	- 74%	- 74%
Other (1)	13.3	- 2%	- 6%
	$ 73.7	- 9%	- 6%

– Income from brokerage operations decreased by $1.9M Y/Y mainly reflecting poor market conditions

– Income from sales of mutual funds increased by $1.8M Y/Y

– Income from treasury and financial markets decreased by $4.7M Y/Y mainly due to:

- $3.1M net losses on securities in Q1/16
- $3.7M net gains on securities in Q1/15
- higher contribution from trading activities in Q1/16

– Lending fees increased $1.0M Y/Y

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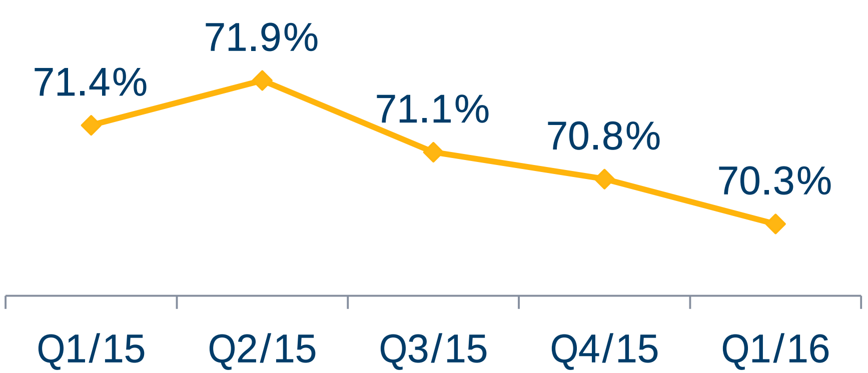
(1) Includes Income from investment accounts, Insurance income, and Other

Non-Interest Expenses

Adjusted NIE[1] (in millions of dollars)	Q1/16	Q/Q	Y/Y
Salaries and Employee Benefits	$ 84.8	0%	2%
Premises and Technology	45.3	- 11%	- 6%
Other	26.9	- 3%	12%
	$ 157.0	- 4%	1%

Adjusted Efficiency Ratio

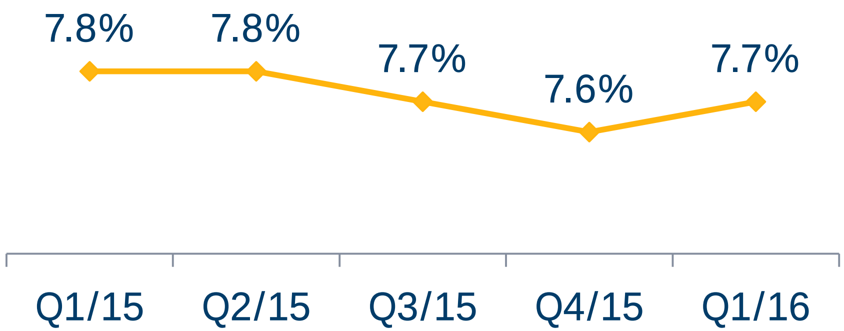


- Adjusted salaries and employee benefits increased by $1.4M Y/Y
- Premises and technology costs decreased by $3.1M Y/Y mostly due to lower depreciation charges
- Other non-interest expenses increased by $2.9M Y/Y essentially due to higher professional fees incurred to support the Bank's transformation

(1) Non-Interest Expenses (NIE)

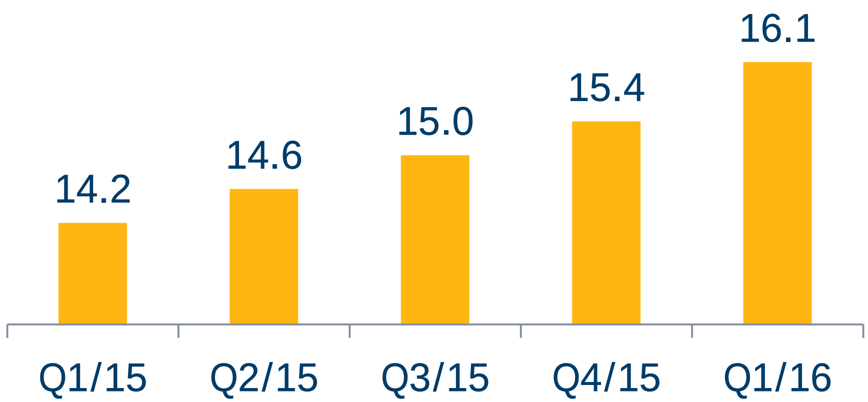
Capital Management

Common Equity Tier 1 Capital Ratio (CET1)



Risk-Weighted Assets

(in billions of dollars)



CET1 increased 10 bps during the quarter

- Benefiting from (+ 43 bps)
  - $67.5 M common share issuance ($64.7 M net of issuance costs)
- Partially offset by market-related items (- 28 bps)
  - Losses on pension benefit plans stemming from poor market conditions and market-related changes to discount rate actuarial assumption
  - Unfavourable changes in the value of available-for-sale securities
  - Growth in risk weighted assets due to a reduction in the value of collateral against investment loans
- Higher risk-weighted assets due to strong volume growth offset by internally generated capital

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Funding

Funding Sources (in billions of dollars)	% (of total funding)	Q1/16	Q/Q	Y/Y
Personal Term Deposits	41%	$ 14.3	6%	12%
Business and Other Deposits	19%	6.7	- 7%	9%
Personal Notice and Demand Deposits	17%	5.8	- 2%	0%
Debt Related to Securitization Activities	17%	5.9	8%	17%
Subordinated Debt	1%	0.2	- 56%	- 55%
Shareholders' Equity	5%	$ 1.7	4%	4%

Deposits by Business Line (ending balance in billions of dollars)	Q1/16	Q/Q	Y/Y
Commercial	$ 2.0	9%	35%
Retail	8.6	0%	-2%
B2B Bank	13.3	4%	14%
Other	$ 2.9	- 15%	5%

– Personal term deposits increased by $1.6B Y/Y

– Debt related to securitization activities increased by $0.9B Y/Y

– During the quarter, the Bank redeemed the Series 2010-1 subordinated Medium Term Notes (notional amount of $250M)

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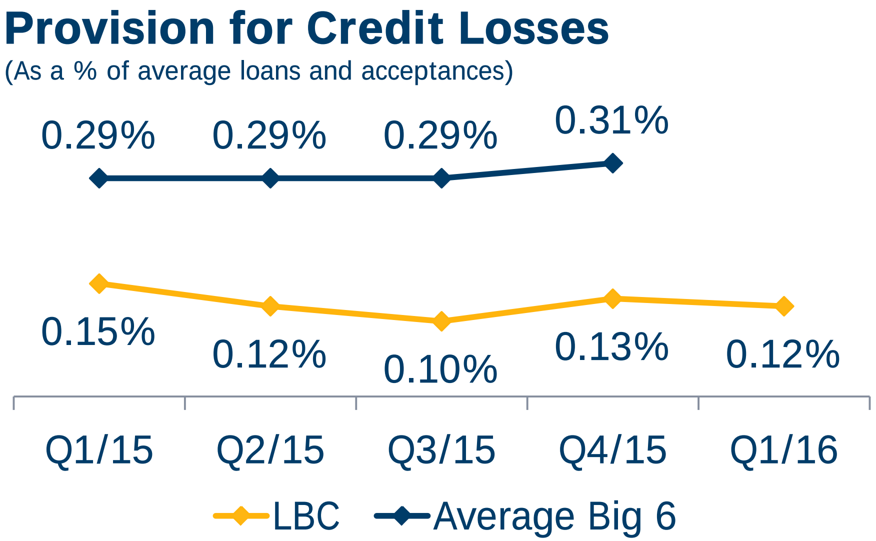
RISK REVIEW

Provision for Credit Losses



PCL[1] (in millions of dollars)	Q1/15	Q4/15	Q1/16
Personal Loans	$ 5.6	$ 8.4	$ 9.1
Residential Mortgage Loans	1.5	1.5	2.2
Commercial Mortgage and Commercial Loans	3.5	- 0.6	- 2.1
Total PCL	$ 10.5	$ 9.4	$ 9.1

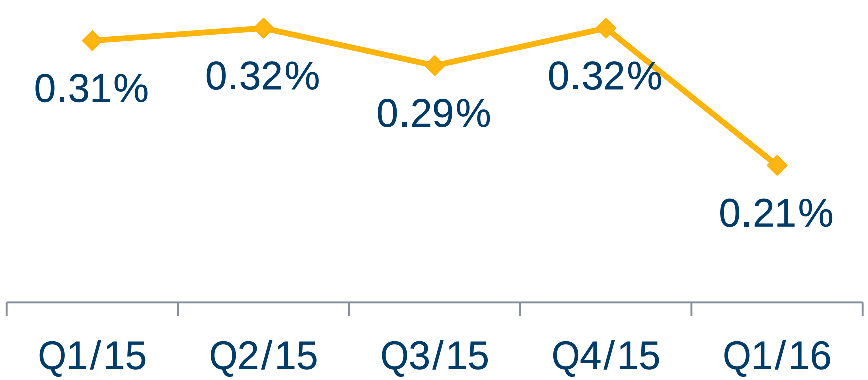
- The low loss ratio of 0.12% reflects the Bank's good credit quality
- Loan losses on personal loans increased by $3.5M Y/Y, mainly due to a return to a normalized provision level in the B2B Bank portfolios and higher write-offs on other personal loans
- Loan losses on residential mortgage loans increased by $0.7M Y/Y, mainly reflecting strong growth in B2B Bank mortgages
- Loan losses on commercial mortgages and commercial loans decreased by $5.6M Y/Y, mainly resulting from a higher level of favourable settlements and overall improvements during the quarter

(1) Provision for Credit Losses (PCL)

Impaired Loans

GIL[1] (in millions of dollars)	Q1/16	Q/Q	Y/Y
Personal Loans	$ 17.2	- 8%	- 22%
Residential Mortgage Loans	33.5	2%	- 6%
Commercial Mortgage and Commercial Loans	56.0	- 36%	- 18%
GIL	$ 106.7	- 23%	- 15%

NIL[2]
(As a % of loans and acceptances)



- Good credit as evidenced by the substantial improvement in GIL's and NIL's
- GIL's decreased by $31.9M Q/Q mainly due to the settlement of certain impaired commercial mortgage loans and commercial loans
- GIL's in the personal loan and residential mortgage loan portfolios were relatively unchanged (Q/Q) and remained at low levels
- NIL as a % of loans and acceptances decreased 11 bps Q/Q

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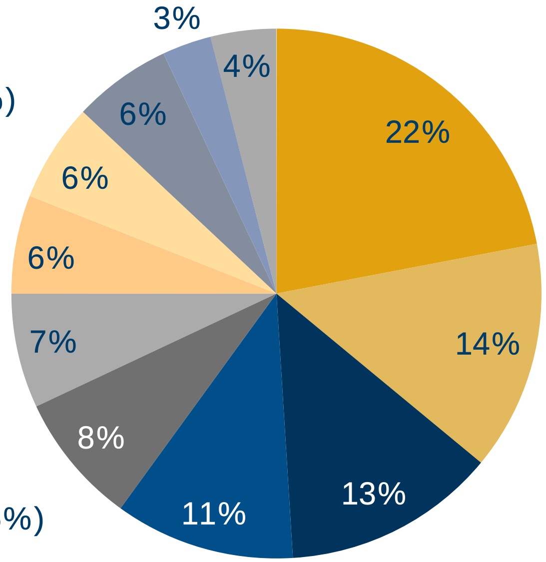
(1) Gross impaired loans (GIL)
(2) Net impaired loans (NIL)

Well Diversified Commercial Loan Portfolio

Commercial and other loans(1)
(including acceptances)
As at January 31, 2016 (as a percentage)

- Real estate, renting and lease (22%)
- Wholesale and retail (14%)
- Other services and government (13%)
- Public utilities (11%)
- Construction (8%)
- Manufacturing (7%)
- Financial services (6%)
- Agriculture (6%)
- Transportation and communication (6%)
- Transformation and natural resources (3%)
- Other (4%)



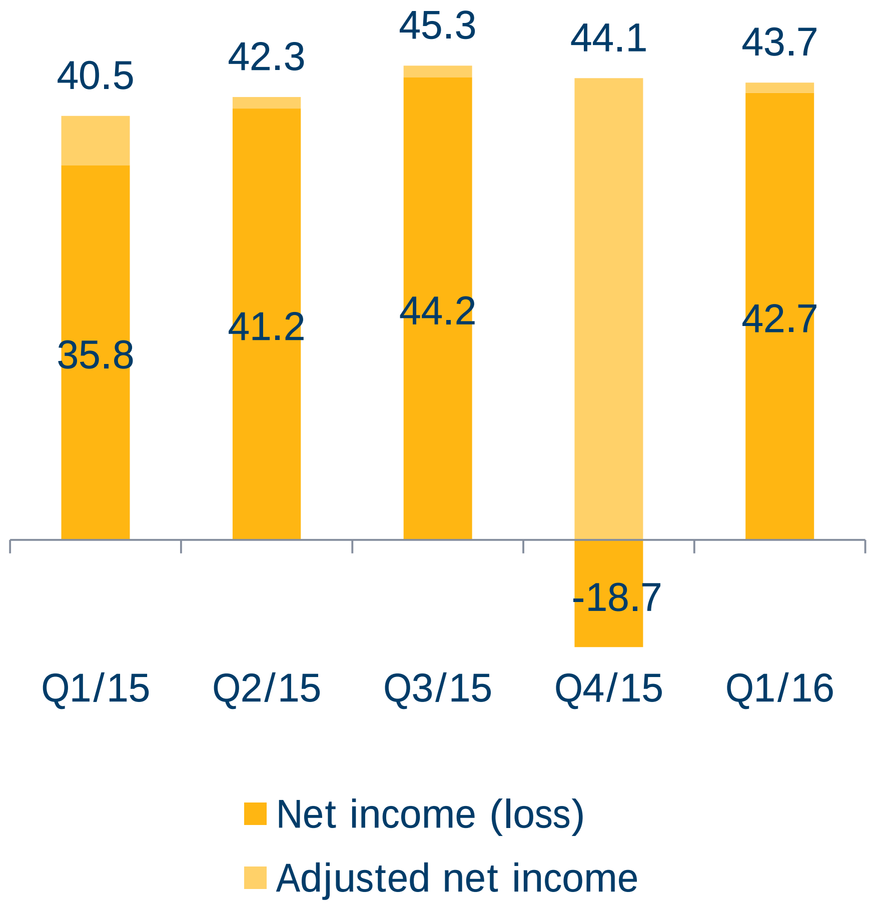
No direct exposure to the Canadian oil and gas industry

(1) As presented on the balance sheet, $3.5B Commercial loans and other and $0.4B Customers' liabilities under acceptances.

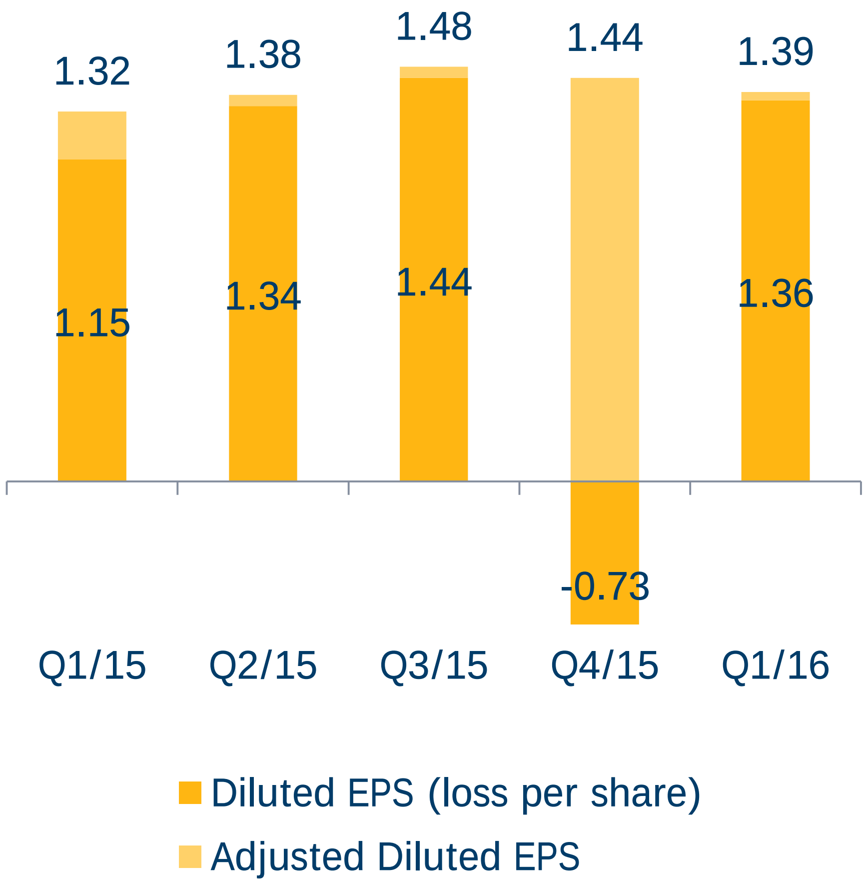
APPENDICES

Financial Performance

Net Income
(in millions of dollars)

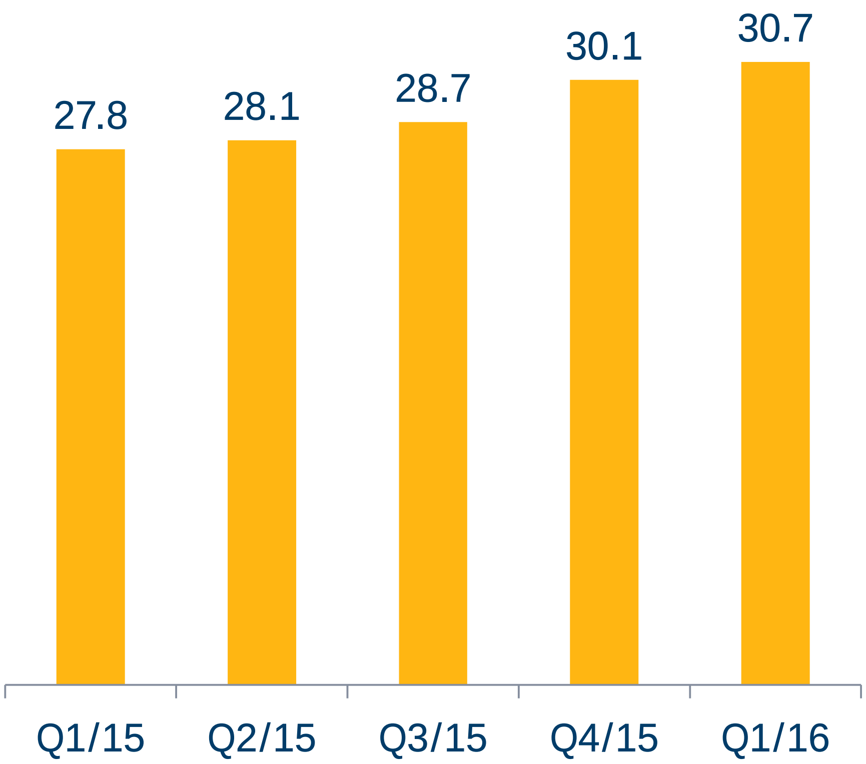


Diluted Earnings Per Share
(in dollars)

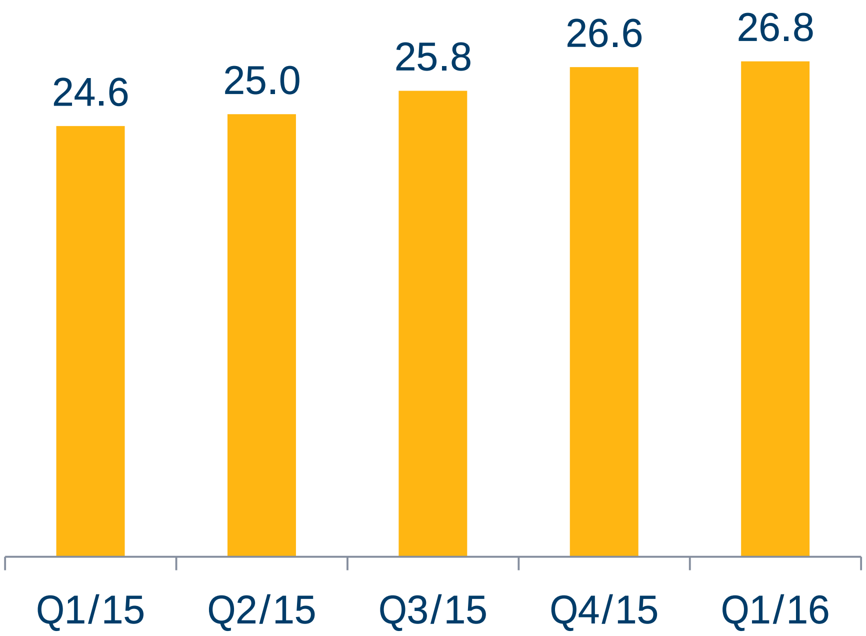


Loans and Deposits

Loans and Acceptances
(in billions of dollars)



Deposits
(in billions of dollars)



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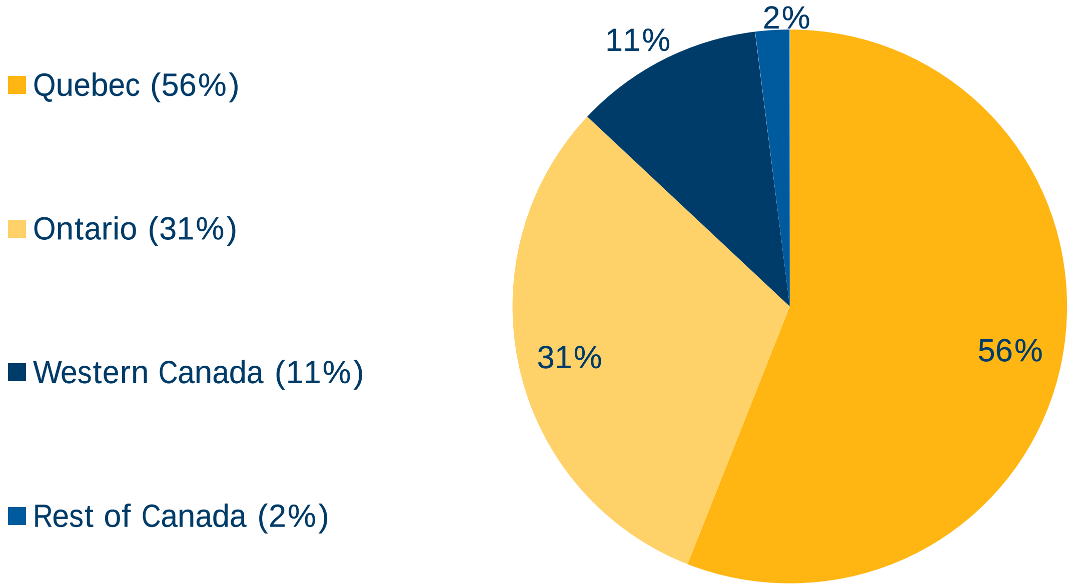
Geographic Diversification

Geographic distribution of loans[(1)]

As at January 31, 2016 (as a percentage)

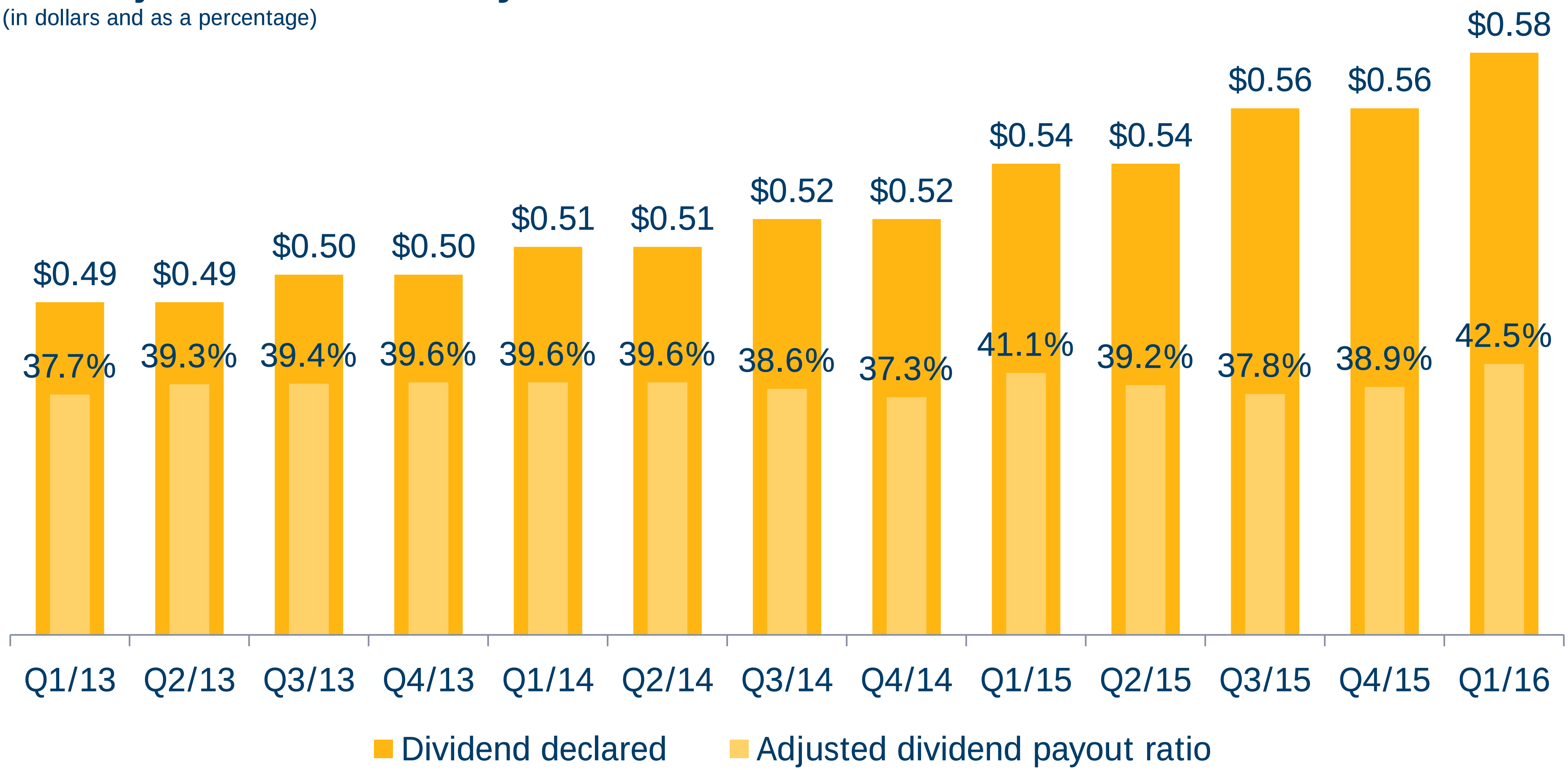


(1) As presented on the balance sheet, total loans of $30.7B.

Dividend Growth

Dividends Declared Per Common Share and Adjusted Dividend Payout Ratio

(in dollars and as a percentage)



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Adjusting Items

	Q1/16	Q4/15	Q1/15
Reported net income (loss)	$ 42.7	$(18.7)	$ 35.8
Adjusting items, net of income taxes			
Impairment of goodwill, software and intangible assets, and premises and equipment	-	57.2	
Restructuring charges	-	4.5	
Retirement compensation charge	-	-	3.6
Amortization of net premium on purchased financial instruments	1.0	1.1	1.1
Adjusted net income	$ 43.7	$ 44.1	$ 40.5
Reported diluted earnings (loss) per share	$ 1.36	$(0.73)	$ 1.15
Adjusting items	0.03	2.17	0.16
Adjusted diluted earnings per share	$ 1.39	$ 1.44	$ 1.32

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