

INVESTOR PRESENTATION

Second Quarter 2016

Conference Call

June 1, 2016 at 2 p.m.



LAURENTIAN
BANK

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.



FRANÇOIS DESJARDINS

President and Chief
Executive Officer



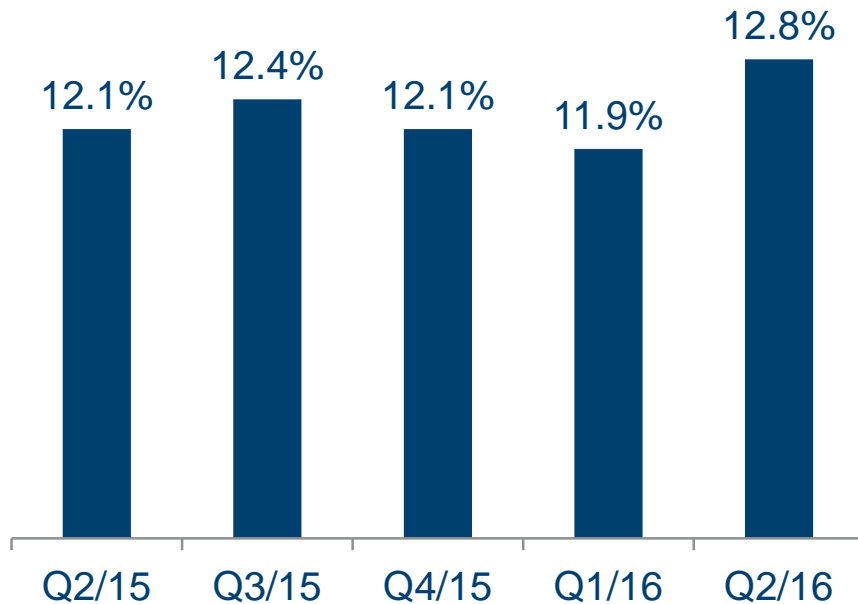
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**STRATEGIC
HIGHLIGHTS**

Q2 2016 Strategic Highlights

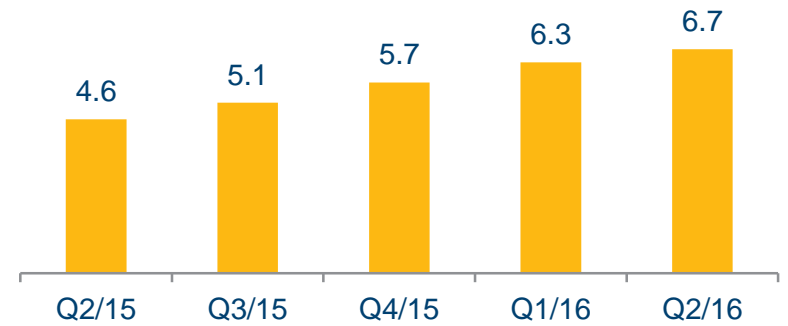
Adjusted ROE



Growth Drivers

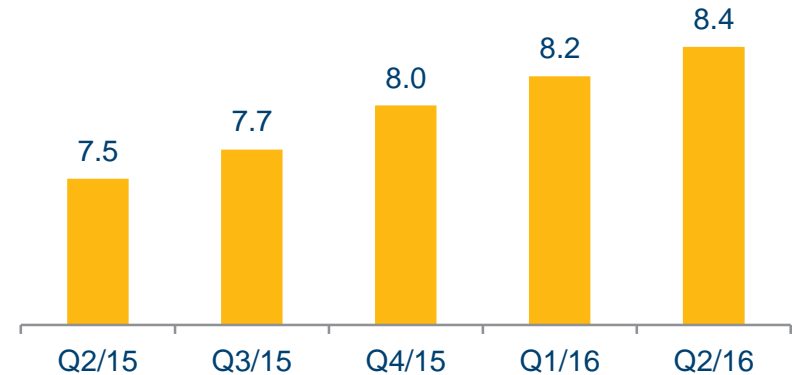
Residential Mortgage Loans Through B2B Bank Independent Advisors and Brokers

(in billions of dollars)



Loans to Business Customers

(in billions of dollars)



UPDATE ON THE STRATEGIC PLAN

10 critical path elements drive our transformation plan

- 1 Optimize and simplify Retail Service offerings
- 2 Rebuild a proper account management platform
- 3 Create proper distribution
- 4 Increase Business Services in Bank mix
- 5 Ensure growth through independent advisors
- 6 Focus LBS & Capital Markets on profitable businesses
- 7 Develop new brand elements
- 8 Reduce size and scope of corporate functions
- 9 Build a culture based on performance
- 10 Replicate successes across Canada



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Rebuild a proper account management platform

- **Completed:**
 - ✓ RFP Process
 - ✓ Signed Agreement with Temenos
- **In progress:**
 - Phase 1 Implementation
- **Next important milestone:**
 - End of calendar year 2017
- **Benefits:**
 - Facilitate faster time-to-market for products & services
 - Deliver a superior customer experience through increased digitalization
 - Create scale to better meet the needs of our customers
 - Support future compliance and regulatory changes
 - Improve customer and transactional data
 - Access to greater talent pool - trained on next generation systems

A 4-year journey

First phase: Delivery of the initial system build in 2 years



8

Reduce size and scope of corporate functions

- **Completed:**
 - ✓ The Montreal Head Office needs analysis, request for proposal and site selection
- **In progress:**
 - Lease, design and logistical planning
- **Next important milestone:**
 - Start of construction in October 2017
 - Move planned for October 2018
- **Benefits:**
 - ~ \$5M / year savings
 - Increased efficiencies
 - Better team member experience
 - Fosters teamwork and collaboration
 - Telecom system and Business continuity upgrades

Significant progress
towards reducing
corporate expenses



FRANÇOIS LAURIN

Executive Vice-President
and Chief Financial Officer



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FINANCIAL RESULTS

Q2 2016 Financial Performance

Adjusted	Q2/16	Q/Q	Y/Y
Net Income	\$ 46.7	7%	10%
Diluted EPS	\$ 1.46	5%	6%
ROE	12.8%	90 bps	70 bps
Efficiency Ratio	70.6%	30 bps	- 130 bps

Reported	Q2/16	Q/Q	Y/Y
Net Income	\$ 45.7	7%	11%
Diluted EPS	\$ 1.43	5%	7%
ROE	12.5%	90 bps	70 bps
Efficiency Ratio	70.6%	30 bps	- 130 bps

- Good financial performance with Y/Y improvements across all adjusted measures
- Quarterly common share dividend raised by \$0.02 to \$0.60
- Strong organic loan growth
 - Loans to business customers up 3% Q/Q and up 12% Y/Y
 - Residential mortgage loans through B2B Bank independent brokers and advisors up 6% Q/Q and up 46% Y/Y
- \$125.0M preferred share issue in March (5,000,000 preferred shares issued)



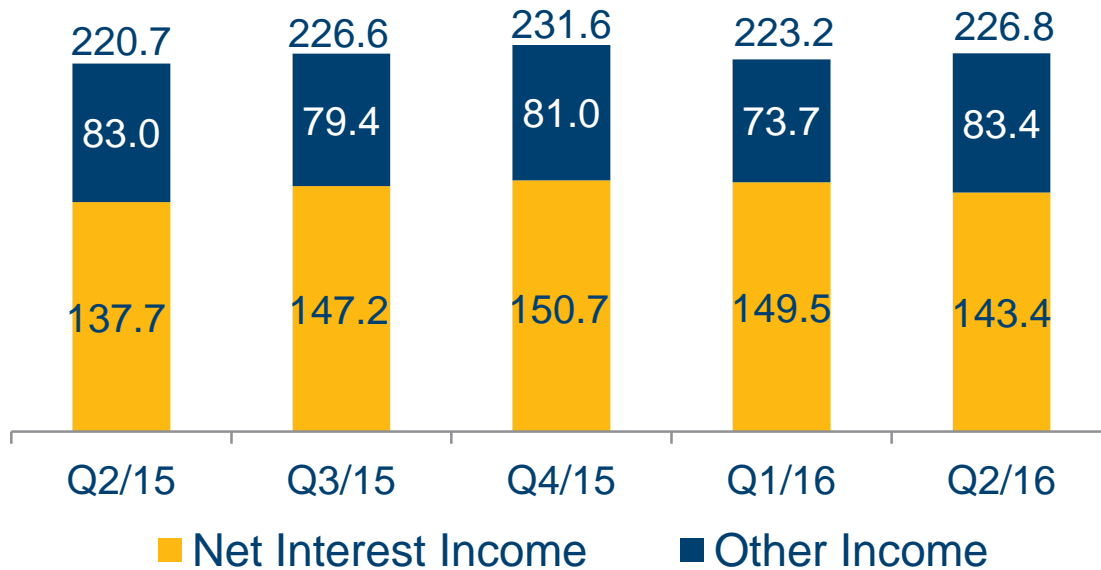
Total Revenue

(in millions of dollars)	Q2/16	Q/Q	Y/Y
Net Interest Income	\$ 143.4	- 4%	4%
Other Income	83.4	13%	0%
Total Revenue	\$ 226.8	2%	3%

- Total revenue increased by \$6.1M Y/Y, essentially driven by net interest income

Total Revenue

(in millions of dollars)



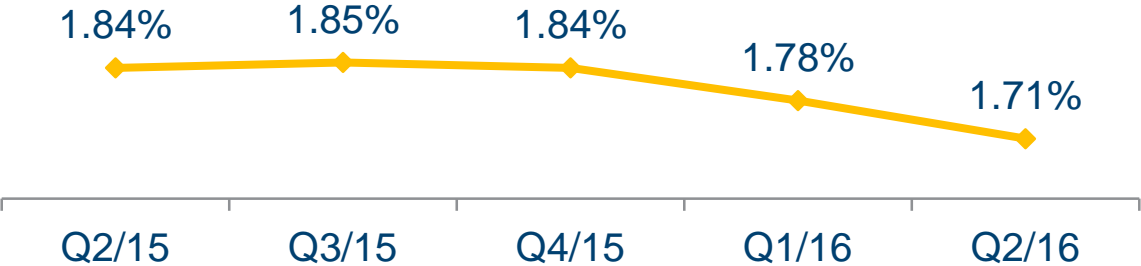
- Net interest income increased by \$5.7M Y/Y, mainly generated by strong volume growth in loan portfolios
- Other income was relatively unchanged, with an increase of \$0.4M Y/Y



Net Interest Margin (NIM)

Net Interest Margin

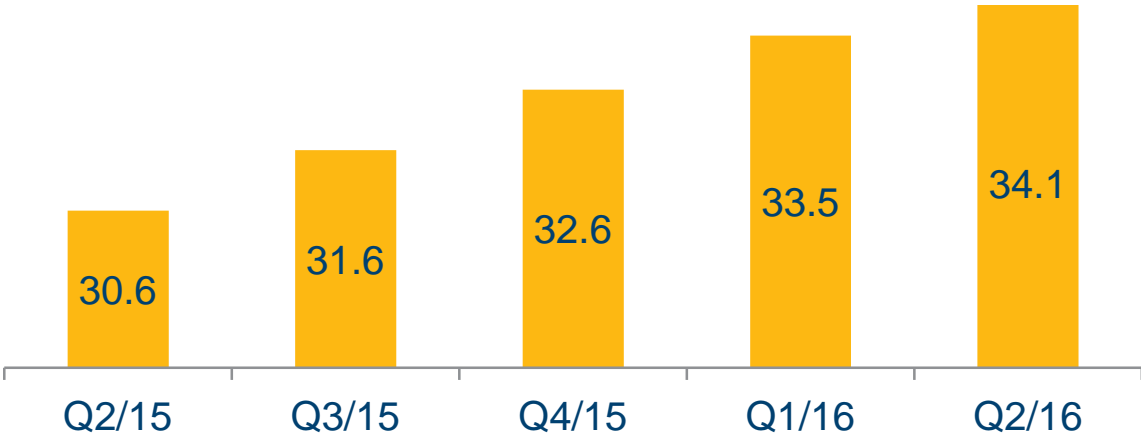
(on average earning assets)



- NIM stood at 1.71% a decrease of 13 bps Y/Y as a result of
 - growth in the lower-yielding/lower risk residential mortgage loan portfolio
 - higher funding costs
 - higher liquid assets held throughout the quarter

Average Earning Assets

(in billions of dollars)



- Average earning assets increased 11% Y/Y and 2% Q/Q mainly due to B2B Bank's residential mortgage loans and loans to business customers



Other Income

Other Income (in millions of dollars)	Q2/16	Q/Q	Y/Y
Deposit Service Charges	\$ 14.8	4%	- 1%
Lending Fees	13.3	0%	11%
Card Service Revenues	7.9	- 3%	- 1%
Fees and Commissions on Loans and Deposits	36.0	1%	3%
Income from Brokerage Operations	21.0	61%	21%
Income from Sales of Mutual Funds	9.7	- 3%	- 5%
Income from Treasury and Financial Market Operations	3.9	130%	- 43%
Other ⁽¹⁾	12.7	- 5%	- 7%
	\$ 83.4	13%	0%

- Lending fees increased \$1.3M Y/Y reflecting commercial loan growth
- Income from brokerage operations increased by \$3.6M Y/Y reflecting good results from institutional business activities
- Income from treasury and financial markets decreased by \$2.9M Y/Y reflecting the impact of net realized gains in Q2/15



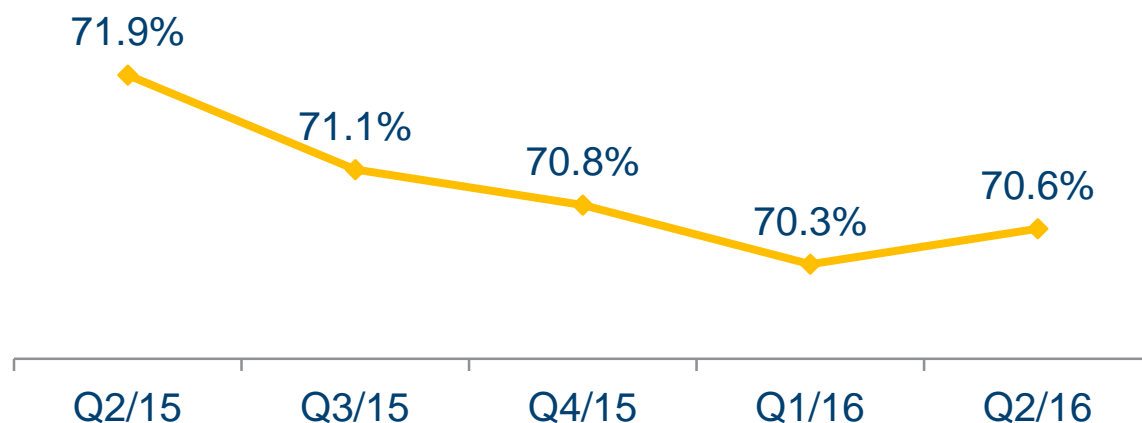
(1) Includes Income from investment accounts, Insurance income, and Other

Non-Interest Expenses (NIE)

Adjusted NIE (in millions of dollars)	Q2/16	Q/Q	Y/Y
Salaries and Employee Benefits	\$ 85.3	1%	2%
Premises and Technology	46.8	3%	- 4%
Other	27.9	4%	6%
	\$ 160.1	2%	1%

- Well controlled expenses up 1% Y/Y
 - Salaries and employee benefits increased by \$1.8M Y/Y, partly due to capital market driven variable compensation
 - Premises and technology costs decreased by \$2.0M Y/Y mostly due to lower depreciation charges
 - Other non-interest expenses increased by \$1.5M Y/Y essentially due to higher professional fees incurred to support the Bank's transformation plan

Adjusted Efficiency Ratio

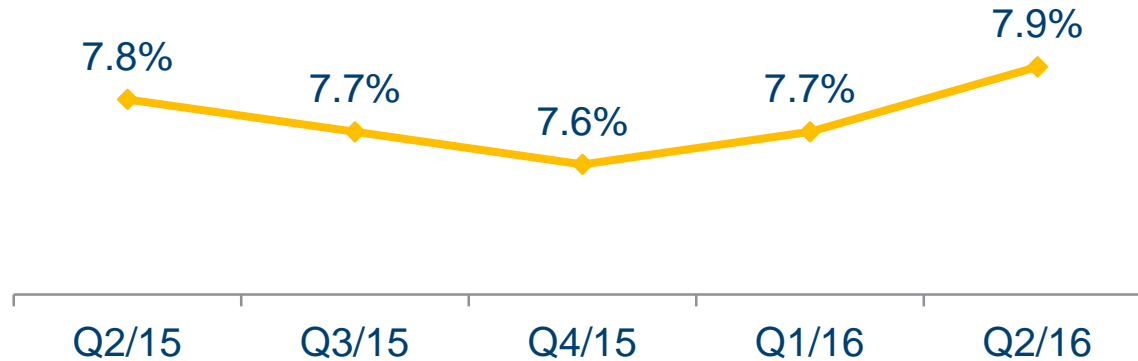


- Efficiency ratio improved by 130 bps Y/Y



Capital Management

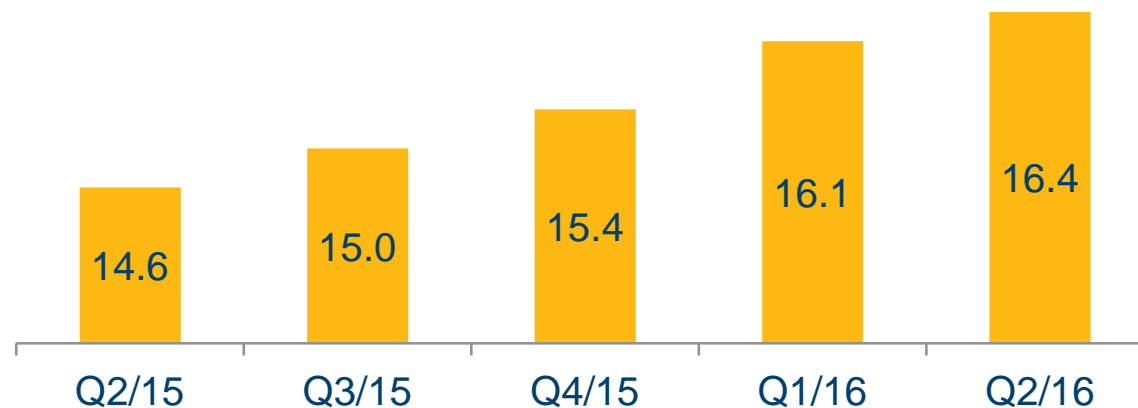
Common Equity Tier 1 Capital Ratio (CET1)



- CET1 ratio increased 0.2% Q/Q mainly due to
 - Proactive risk-weighted asset management (+ 5 bps)
 - Changes in the value of available-for-sale-securities (+ 6 bps)

Risk-Weighted Assets

(in billions of dollars)



- During the quarter, the Bank issued preferred shares qualifying as additional Tier 1 capital⁽¹⁾ for net proceeds of \$120.9M to strengthen capital



(1) The Bank issued 5,000,000 Preferred Shares, Series 15 which include mandatory non-viability contingency capital provisions.

Funding

Funding Sources (in billions of dollars)	% (of total funding)	Q2/16	Q/Q	Y/Y
Personal Term Deposits	42%	\$ 15.0	5%	19%
Business and Other Deposits	19%	6.7	0%	6%
Personal Notice and Demand Deposits	16%	5.6	- 4%	- 8%
Debt Related to Securitization Activities	17%	6.2	4%	13%
Subordinated Debt	1%	0.2	0%	- 55%
Shareholders' Equity	5%	1.8	8%	12%

Deposits by Business Line (ending balance in billions of dollars)	Q2/16	Q/Q	Y/Y
Business Services	\$ 2.0	0%	30%
Retail Services	8.7	1%	0%
B2B Bank	13.5	2%	13%
Other	3.0	4%	10%

- Personal term deposits increased by \$0.8B Q/Q and \$2.4B Y/Y

- Personal notice and demand deposits decreased by \$0.3B Q/Q and \$0.5B Y/Y

- Debt related to securitization activities increased by \$0.2B Q/Q and \$0.7B Y/Y

- Shareholders' Equity increased by \$129.6M Q/Q and \$191.5M Y/Y

- Preferred share issuance of \$125.0 million in Q2/16

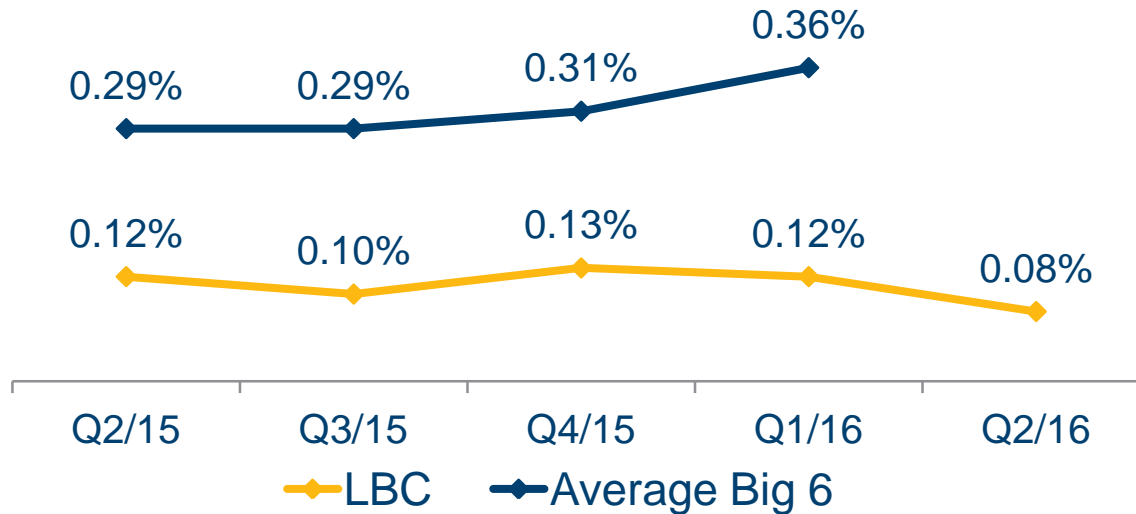


RISK REVIEW

Provision for Credit Losses (PCL)

PCL

(As a % of average loans and acceptances)



- Loss rates remain at cyclically low levels

- PCL included a \$2.7M favourable adjustment resulting from the regular review of collective allowance models

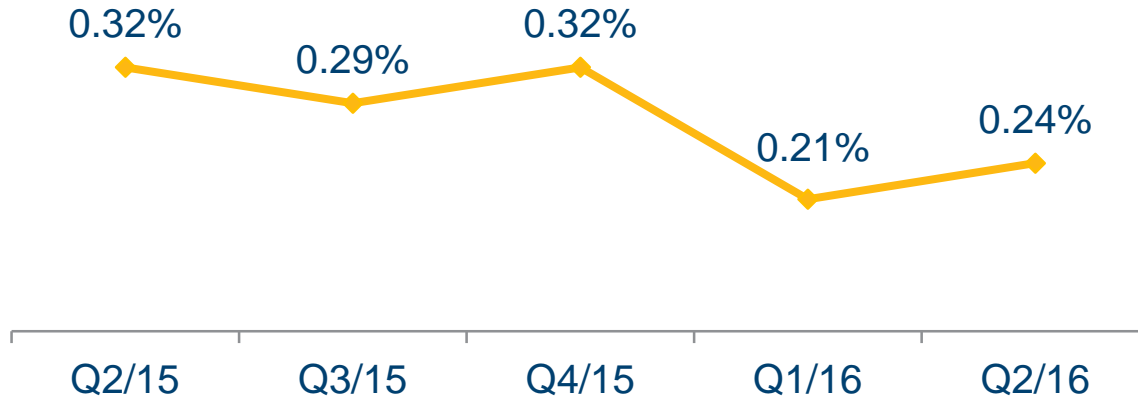
PCL (in millions of dollars)	Q2/16	Q1/16	Q2/15
Personal Loans	\$ 4.6	\$ 9.1	\$ 7.7
Residential Mortgage Loans	- 0.6	2.2	0.7
Commercial Mortgage and Commercial Loans	1.7	- 2.1	- 0.4
	\$ 5.8	\$ 9.1	\$ 8.0



Impaired Loans

Net Impaired Loans (NIL)

(As a % of loans and acceptances)



- NIL ratio continues to exhibit a stable trend
- Good credit as evidenced by the low NIL ratio of 24 bps

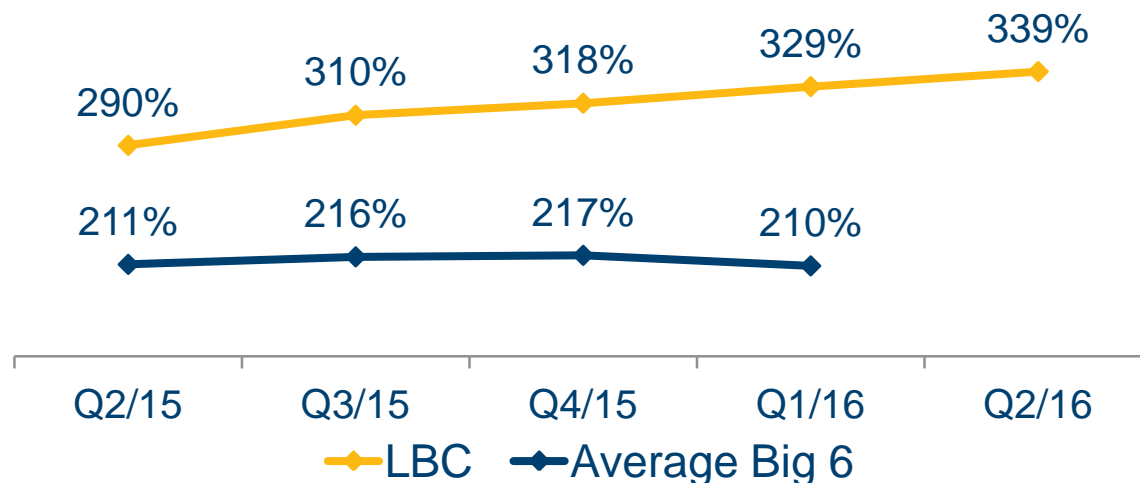
Gross impaired loans (GIL) (in millions of dollars)	Q2/16	Q/Q	Y/Y
Personal Loans	\$ 19.1	11%	4%
Residential Mortgage Loans	33.4	0%	4%
Commercial Mortgage and Commercial Loans	62.2	11%	- 24%
	\$ 114.8	8%	- 13%



Allowances for loan losses

Coverage of total provisions⁽¹⁾

(Allowances for loan losses divided by provision for loan losses)



- Higher coverage ratio than the industry

Allowances for loan losses on impaired loans (in millions of dollars)	Q2/16	Q/Q	Y/Y
Personal Loans	\$ 9.9	- 14%	11%
Residential Mortgage Loans	4.8	- 15%	17%
Commercial Mortgage and Commercial Loans	24.4	2%	- 15%
	\$ 39.1	- 5%	- 6%

- Allowances for loan losses on impaired loans down \$1.9M Q/Q



(1) Trailing four quarters



**MID-TERM
OBJECTIVES**

Mid-Term Objectives

Adjusted Financial Performance		Q2/16 YTD ⁽¹⁾
Diluted EPS	Grow by 5% to 10% annually	\$ 2.86 Up 6%
Efficiency Ratio	< 68% by 2019	70.5% Down 120 bps
Operating Leverage	Positive	1.8%
ROE	14% by 2019	12.3% Up 60 bps
Leverage the Bank's key growth drivers:		Q2/16 ⁽²⁾
Loans to Business Customers	Grow by more than 60% to \$13B by 2019	\$ 8.4B Up \$416M or 5%
Residential Mortgage Loans Through B2B Bank Independent Brokers and Advisors	Grow by more than 50% to \$9B by 2019	\$ 6.7B Up \$967M or 17%
Mutual Funds to Retail Clients	Grow by more than 80% to \$6B by 2019	\$ 3.2B Down \$64M or 2%
Assets Under Management at Laurentian Bank Securities	Grow by more than 25% to \$4B by 2019	\$ 3.2B Up \$96M or 3%



(1) Growth compared to Q2/15 YTD.

(2) Growth compared to October 31, 2015.

APPENDICES

Q2-2016 Highlights

	Highlights
Strong core earnings	<ul style="list-style-type: none"> Adjusted ROE of 12.8%, up 70 bps Y/Y Adjusted net income of \$46.7M, up 10% Y/Y Adjusted EPS of \$1.46, up 6% Y/Y
Rigorous cost control	<ul style="list-style-type: none"> Adjusted efficiency ratio improved 130 bps Y/Y
Strong organic growth in key sectors	<ul style="list-style-type: none"> Loans to business customers up 12% Y/Y Residential mortgage loans through B2B Bank independent brokers and advisors up 46% Y/Y Volume growth drove increase in net interest income of 4% Y/Y
Good credit quality	<ul style="list-style-type: none"> PCL decreased \$2.3M or 28% Y/Y <i>[Including \$2.7M favourable impact of regular review of collective allowance models]</i> Loan loss ratio of 0.08%
Capital	<ul style="list-style-type: none"> CET1 ratio increased 0.2% Q/Q to 7.9% Preferred share issuance of \$125.0M in March to strengthen capital
Dividend	<ul style="list-style-type: none"> Quarterly common share dividend raised by \$0.02 to \$0.60



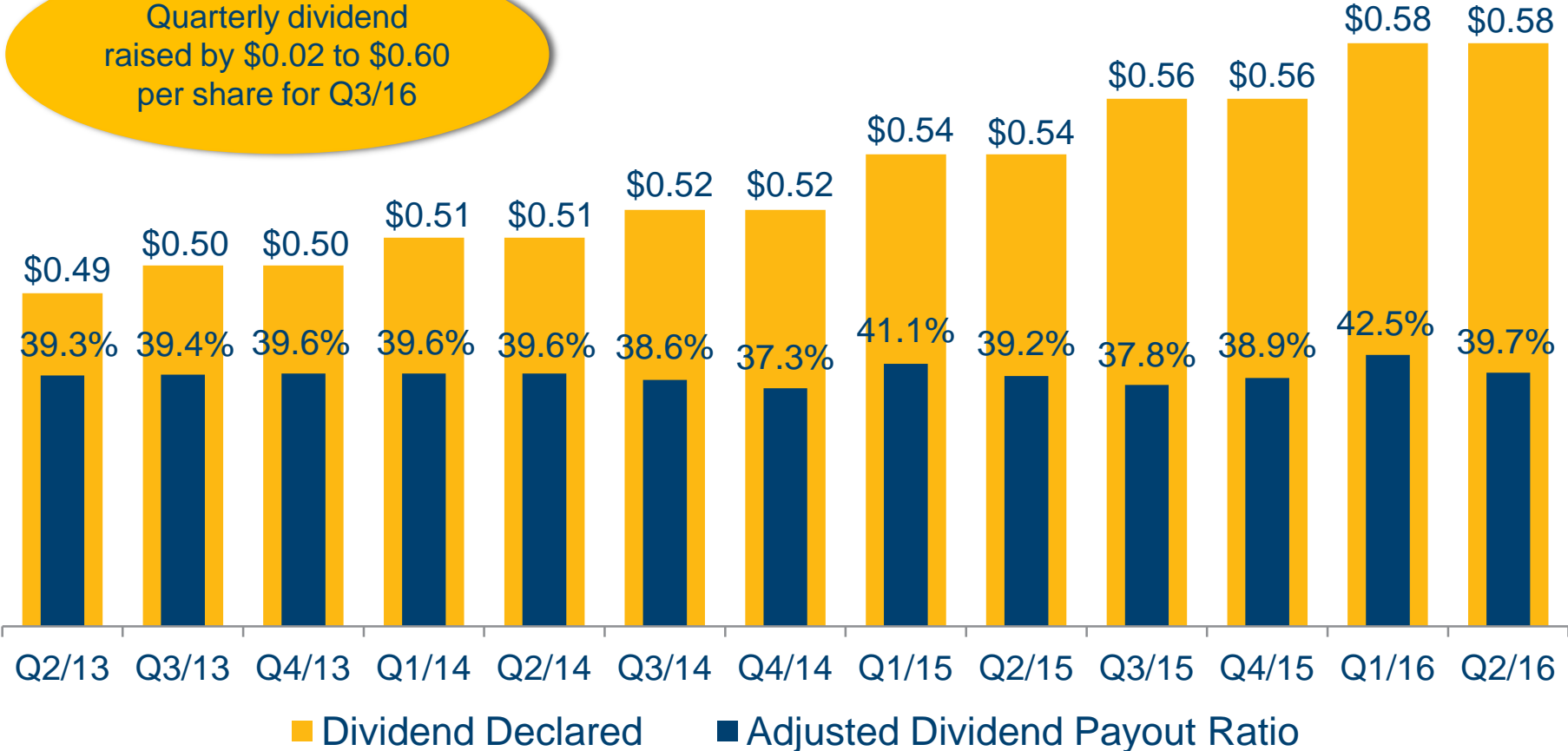
Dividend Growth

Dividends Declared Per Common Share and Adjusted Dividend Payout Ratio

(in dollars and as a percentage)

Target Payout Ratio
40% to 50%

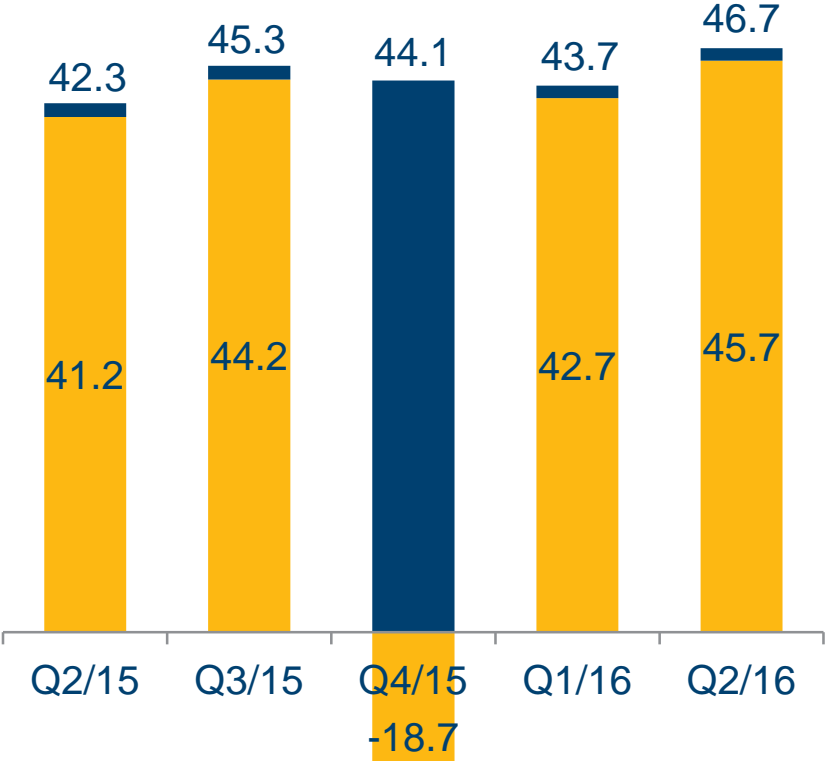
Quarterly dividend raised by \$0.02 to \$0.60 per share for Q3/16



Financial Performance

Net Income

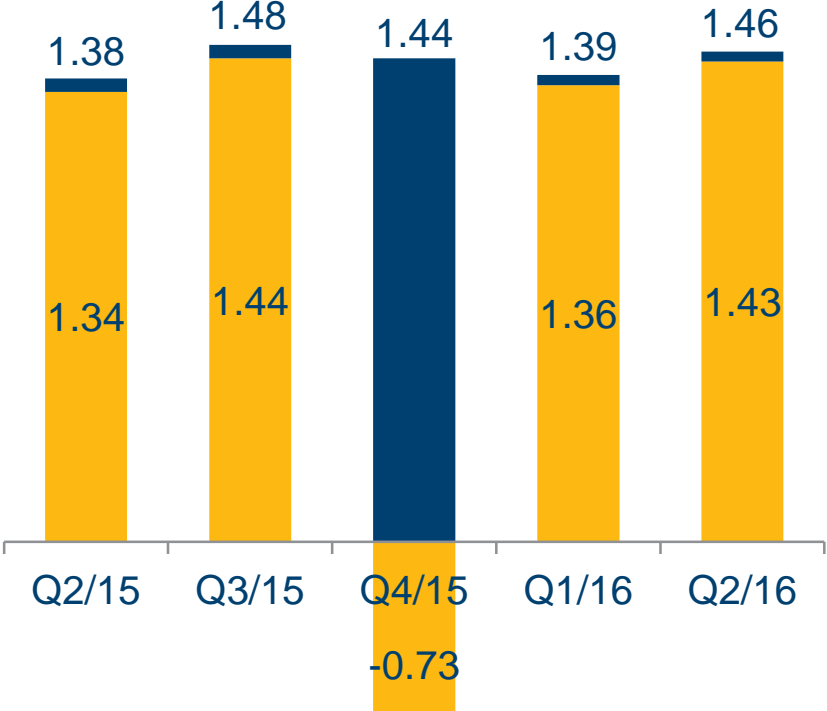
(in millions of dollars)



- Net Income (Loss)
- Adjusted Net Income

Diluted Earnings Per Share

(in dollars)



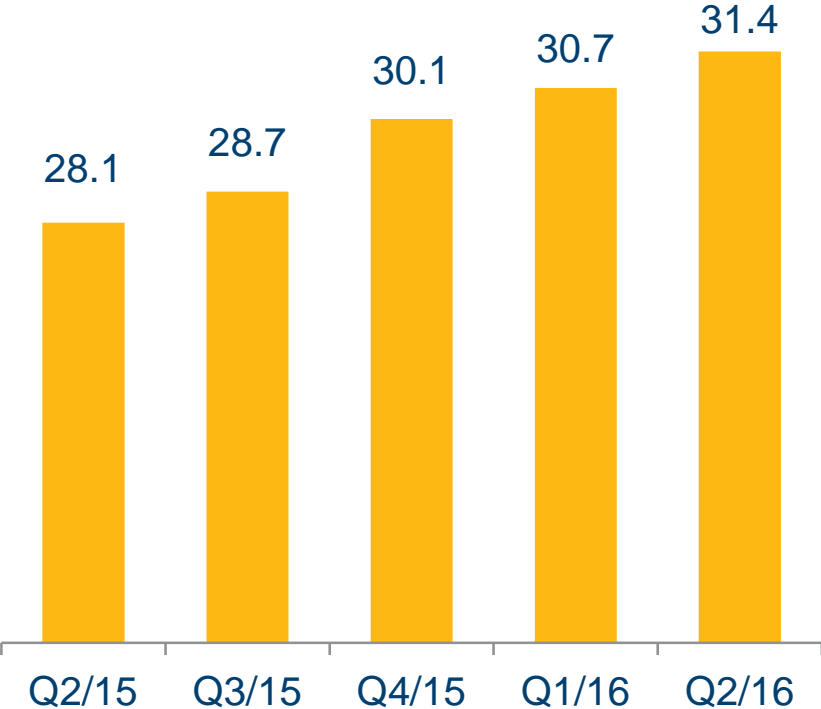
- Diluted EPS (Loss Per Share)
- Adjusted Diluted EPS



Loans and Deposits

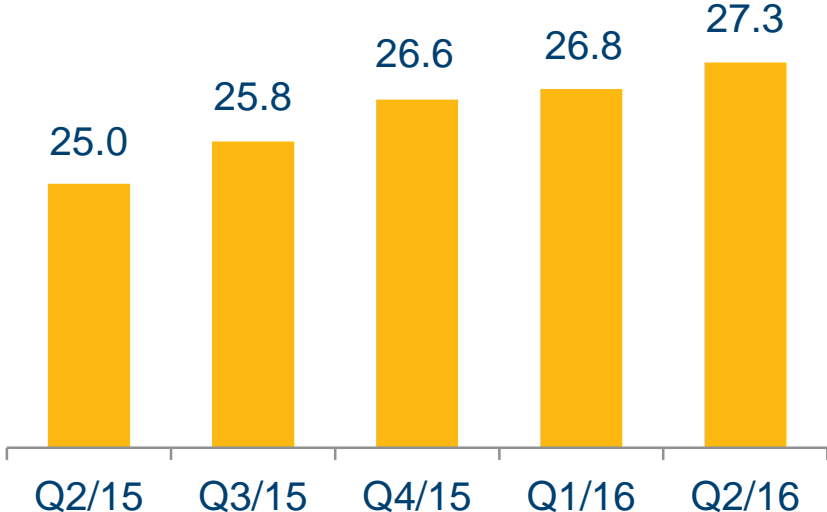
Loans and Acceptances

(in billions of dollars)



Deposits

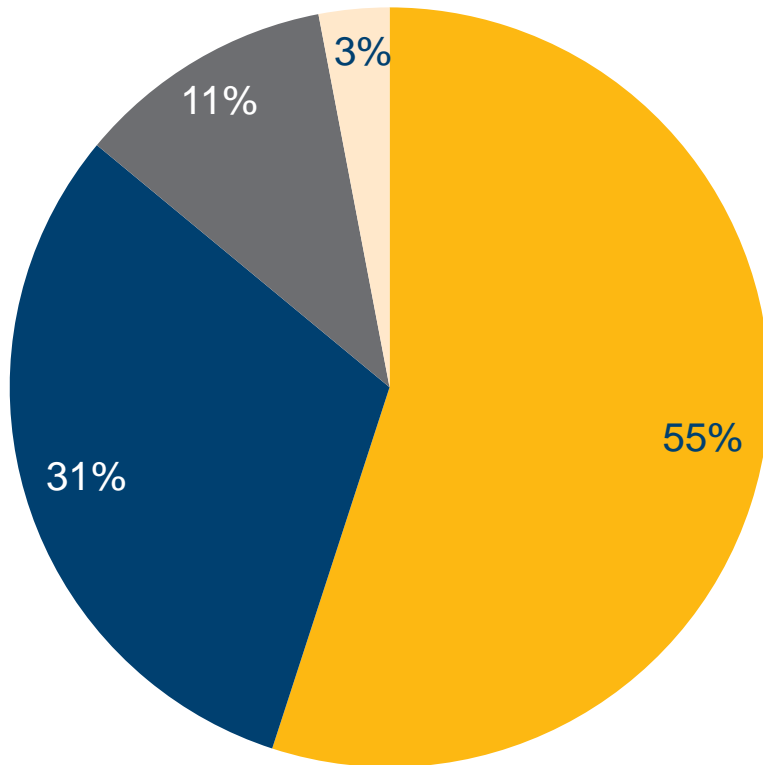
(in billions of dollars)



Geographic Diversification

Geographic Distribution of Loans⁽¹⁾

(As at April 30, 2016)



- Quebec (55%)
- Ontario (31%)
- Western Canada (11%)
- Rest of Canada (3%)



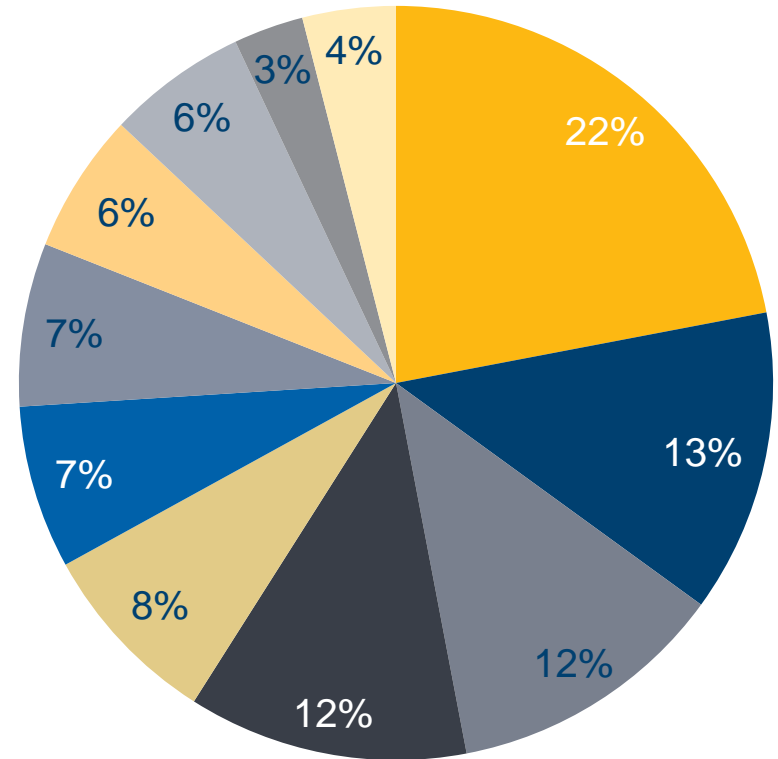
(1) As presented on the balance sheet, total loans of \$31.4B.

Well Diversified Commercial Loan Portfolio

Commercial and other loans⁽¹⁾

(As at April 30, 2016)

- Real estate, renting and lease (22%)
- Wholesale and retail (13%)
- Other services and government (12%)
- Public utilities (12%)
- Construction (8%)
- Manufacturing (7%)
- Financial services (7%)
- Agriculture (6%)
- Transportation and communication (6%)
- Transformation and natural resources (3%)
- Other (4%)



(1) As presented on the balance sheet, \$3.6B Commercial loans and other and \$0.5B Customers' liabilities under acceptances.

Adjusting Items

(in millions of dollars)	Q2/16	Q1/16	Q2/15
Reported net income	\$ 45.7	\$ 42.7	\$ 41.2
<i>Adjusting items, net of income taxes</i>			
Amortization of net premium on purchased financial instruments	1.0	1.0	1.1
Adjusted net income	\$ 46.7	\$ 43.7	\$ 42.3
Reported diluted earnings per share	\$ 1.43	\$ 1.36	\$ 1.34
Adjusting items	0.03	0.03	0.04
Adjusted diluted earnings per share	\$ 1.46	\$ 1.39	\$ 1.38



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