



LAURENTIAN  
BANK

# 3<sup>rd</sup> Quarter 2013 CONFERENCE CALL

Réjean Robitaille, President & CEO

Michel C. Lauzon, CFO

**August 30, 2013 at 2 p.m.**

**1-866-689-5910, Code 3739731**



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.



- **Net income:** adjusted net income up 13% year-over-year
- **Balance sheet growth continued:** loans and deposits increased by 16% and 10% respectively year-over-year
- **Stable net interest margin** at 1.68%
- **Strong revenue growth** up 14% year-over-year
- **Excellent credit quality:** continuing low loss ratio at 0.13% and declining trend in impaired loans

In millions of dollars, except per share  
and percentage amounts

	Q3-2013	Q3-2012	Variation
<b>FULL GAAP BASIS</b>			
<b>Net income</b>	\$28.3	\$30.0	-6%
<b>Diluted EPS</b>	\$0.91	\$1.06	-14%
<b>ADJUSTED MEASURES *</b>			
<b>Net income</b>	\$39.8	\$35.3	13%
<b>Diluted EPS</b>	\$1.31	\$1.27	3%

\* Excluding adjusting items, see page 24



	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, see page 24

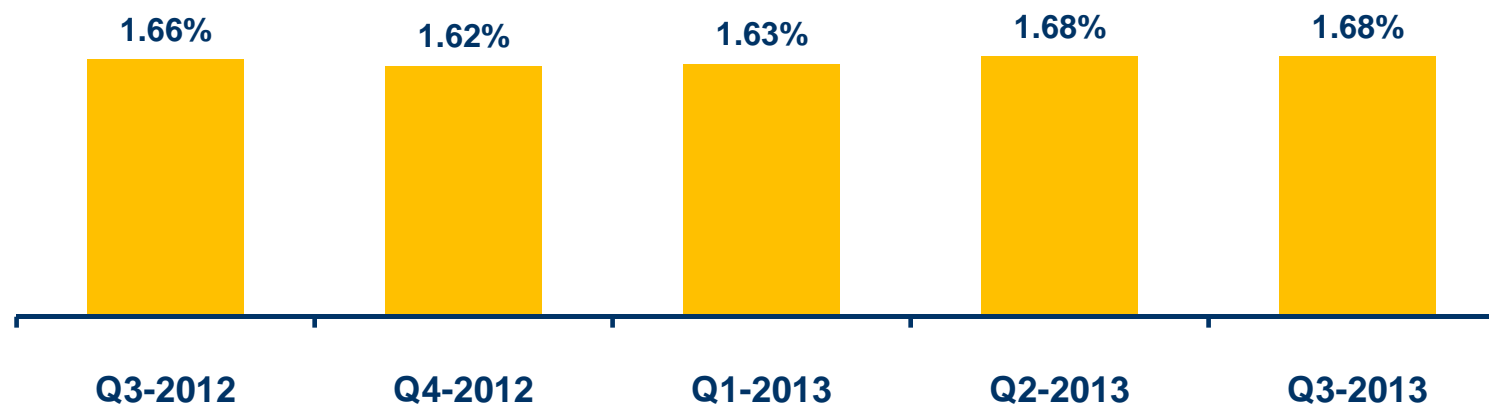


In millions of dollars, except per share and percentage amounts

	Q3-2013	Q3-2012	Variation
Net interest income	\$144.5	\$129.7	11%
Other income	76.5	64.2	19%
<b>Total revenue</b>	<b>221.0</b>	<b>193.8</b>	<b>14%</b>
Gain on acquisition and amortization of net premium on purchased financial instruments	-1.1	-	n.a.
Provision for loan losses	9.0	7.5	20%
Non-interest expenses (NIE)	174.9	149.0	17%
Income taxes	7.7	7.4	4%
<b>Net income</b>	<b>\$28.3</b>	<b>\$30.0</b>	<b>-6%</b>
Preferred share dividends	2.5	3.2	-20%
<b>Net income available to common shareholders</b>	<b>\$25.8</b>	<b>\$26.8</b>	<b>-4%</b>
<b>Diluted EPS</b>	<b>\$0.91</b>	<b>\$1.06</b>	<b>-14%</b>
Return on common shareholders' equity	8.1%	10.1%	-200 bps
Efficiency ratio	79.1%	76.8%	230 bps
Effective tax rate	21.4%	19.7%	170 bps
<b>ADJUSTED MEASURES *</b>			
<b>Adjusted net income</b>	<b>\$39.8</b>	<b>\$35.3</b>	<b>13%</b>
<b>Adjusted diluted EPS</b>	<b>\$1.31</b>	<b>\$1.27</b>	<b>3%</b>
Adjusted return on common shareholders' equity	11.8%	12.1%	-30 bps
NIE including AGF Trust but excluding T&I costs	\$160.3	\$141.8	13%
Adjusted efficiency ratio	72.5%	73.2%	-70 bps

\* Excluding adjusting items, see page 24

Symbol: LB, TSX



- 2 bps increase in NIM between Q3-2012 and Q3-2013 is mainly explained by:
- 6 bps from AGF Trust's higher margin loans
  - 2 bps due to lower liquidities
  - -4 bps reflecting the low interest rate environment, a flatter yield curve and pricing
  - -2 bps due to lower loan prepayment penalties



In millions of dollars

	Q3-2013	Q3-2012	Variation
<b>Fees and commissions on loans and deposits</b>	\$27.5	\$25.1	9%
<b>Income from brokerage operations</b>	14.4	12.5	15%
<b>Investment account fees</b>	8.2	7.2	15%
<b>Card service revenues</b>	7.6	6.4	18%
<b>Income from treasury and financial market operations</b>	5.8	2.4	144%
<b>Income from sales of mutual funds</b>	5.8	4.5	31%
<b>Credit insurance income</b>	4.8	3.7	30%
<b>Other income</b>	2.3	2.4	-4%
<b>Total *</b>	<b>\$76.5</b>	<b>\$64.2</b>	<b>19%</b>

\* Certain totals do not add due to rounding

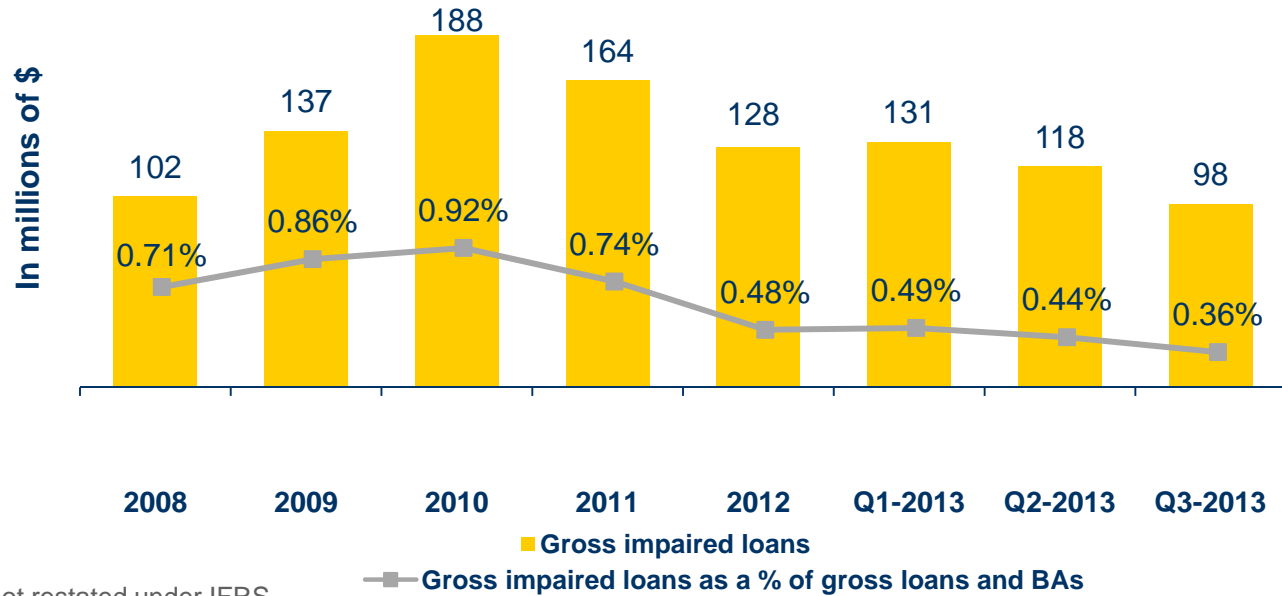


In thousands of dollars  
(except percentage amounts)

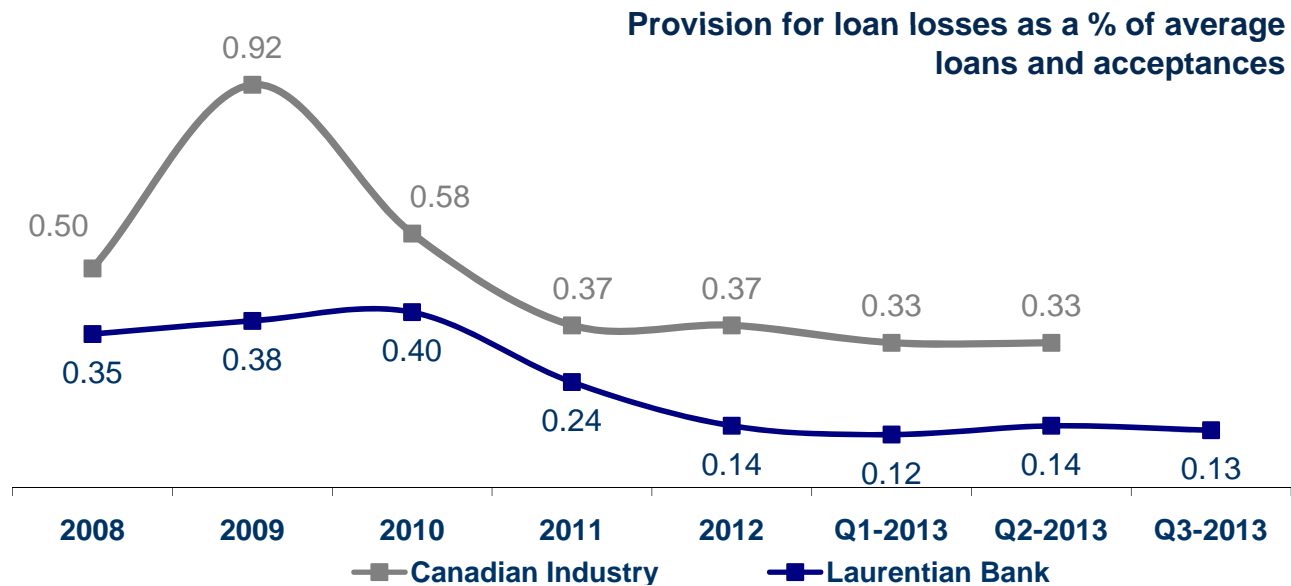
	Q3-2013	Q2-2013	Q3-2012
<b>Personal loans</b>	\$ 6,135	\$ 7,455	\$ 5,715
<b>Residential mortgage loans</b>	4,645*	872	1,256
<b>Commercial mortgage loans</b>	(3,141)	48	13
<b>Commercial loans and other</b>	1,361	625	516
<b>TOTAL</b>	\$ 9,000	\$ 9,000	\$ 7,500
<b>As a % of avg. loans and BAs</b>	0.13%	0.14%	0.13%

\* Includes an adjustment to collective provisions of \$2.5 million for medium-sized residential real estate properties and projects as well as for certain residential mortgage loan portfolios in light of recent events in Alberta.

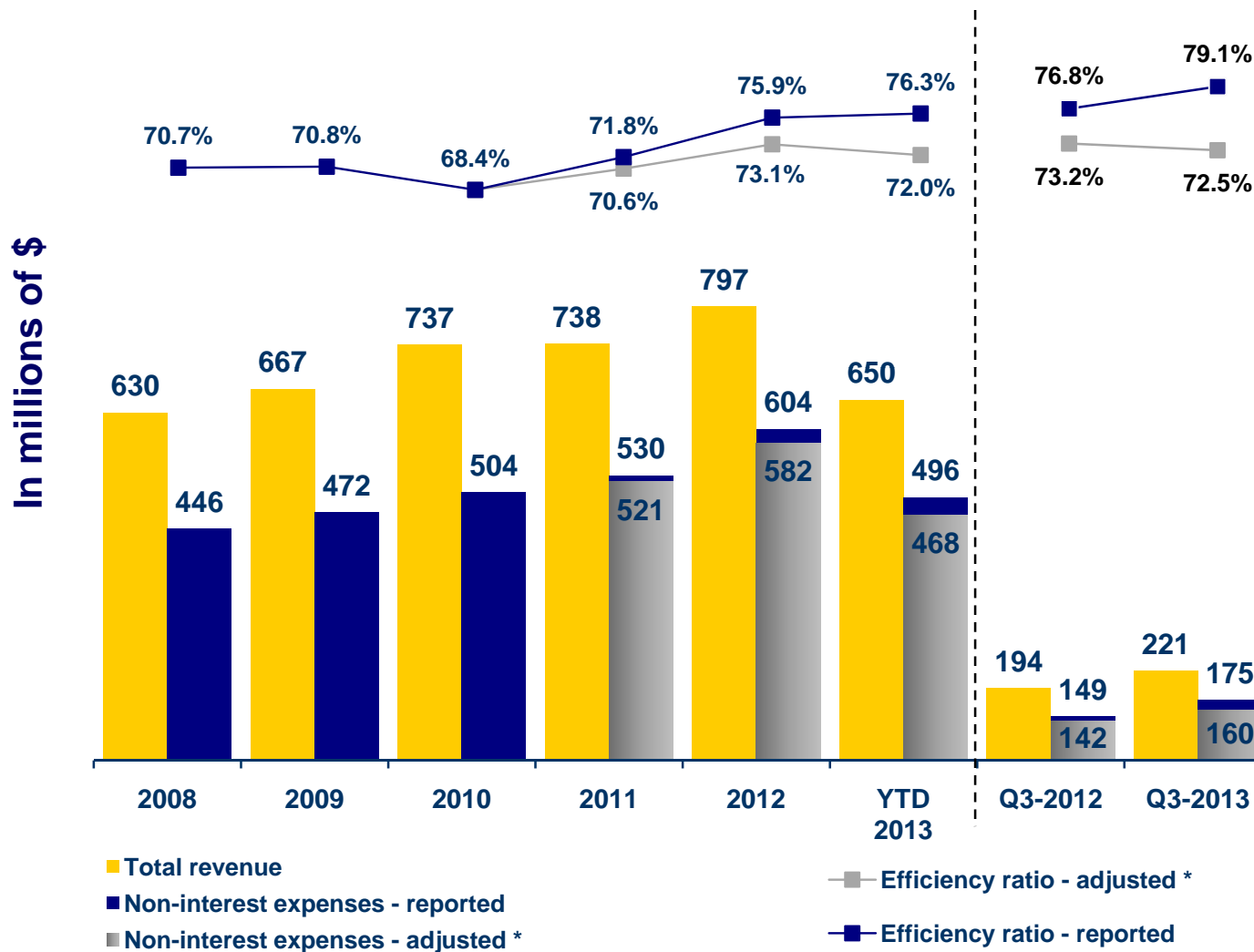




Figures prior to 2010 not restated under IFRS



Figures prior to 2011 not restated under IFRS

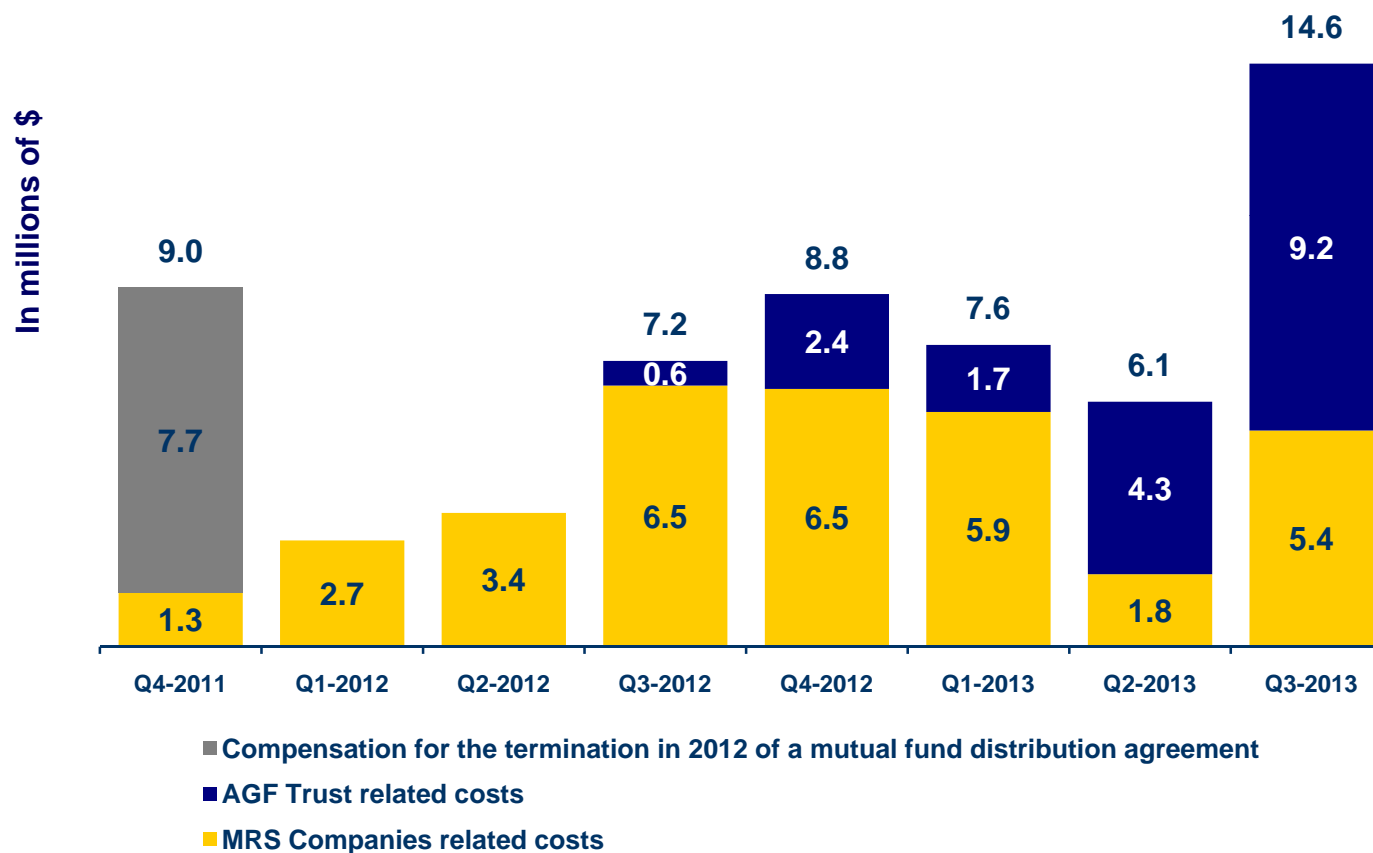


\* Excluding adjusting items, see page 24

Figures prior to 2011 not restated under IFRS



# TRANSACTION AND INTEGRATION COSTS





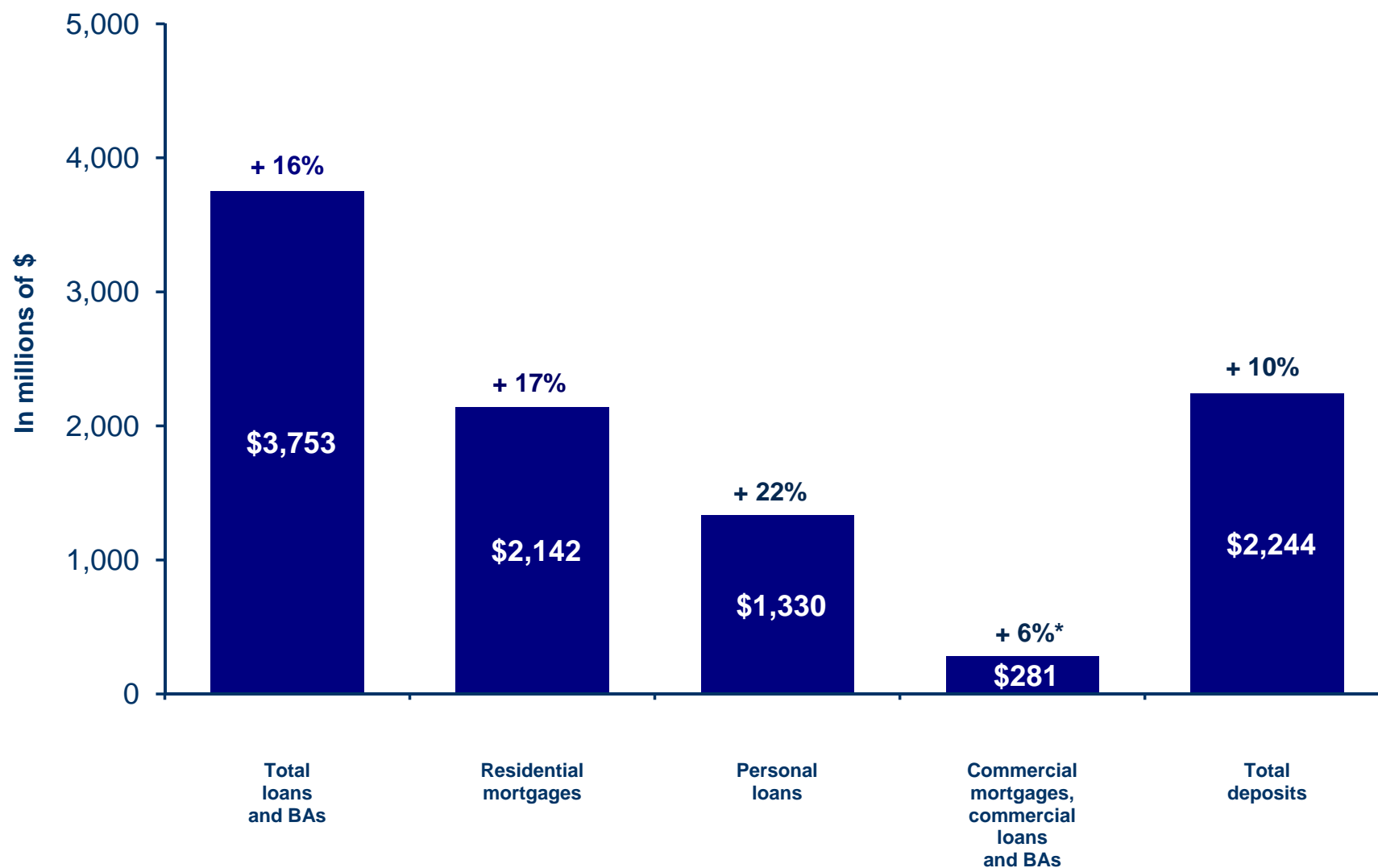
In millions of dollars

	Q3 2013	Q3 2012	YTD 2013	YTD 2012	Q3-2013 vs Q3-2012	YTD 2013 vs YTD 2012
<b>Non-interest expenses (NIE)</b>	<b>\$174.9</b>	<b>\$149.0</b>	<b>\$496.1</b>	<b>\$439.1</b>	<b>17%</b>	<b>13%</b>
T&I Costs*	14.6	7.2	28.3	13.2	103%	115%
<b>NIE excluding T&amp;I Costs</b>	<b>160.3</b>	<b>141.8</b>	<b>467.8</b>	<b>425.9</b>	<b>13%</b>	<b>10%</b>
AGF Trust operating expenses	7.2	-	24.0	-	n.m.	n.m.
<b>NIE excluding AGF Trust and T&amp;I Costs</b>	<b>\$153.2</b>	<b>\$141.8</b>	<b>\$443.8</b>	<b>\$425.9</b>	<b>8%</b>	<b>4%</b>

\* T&I costs – Transaction and Integration costs



12-month period ended July 31, 2013



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



# COMMON EQUITY TIER 1 CAPITAL RATIO



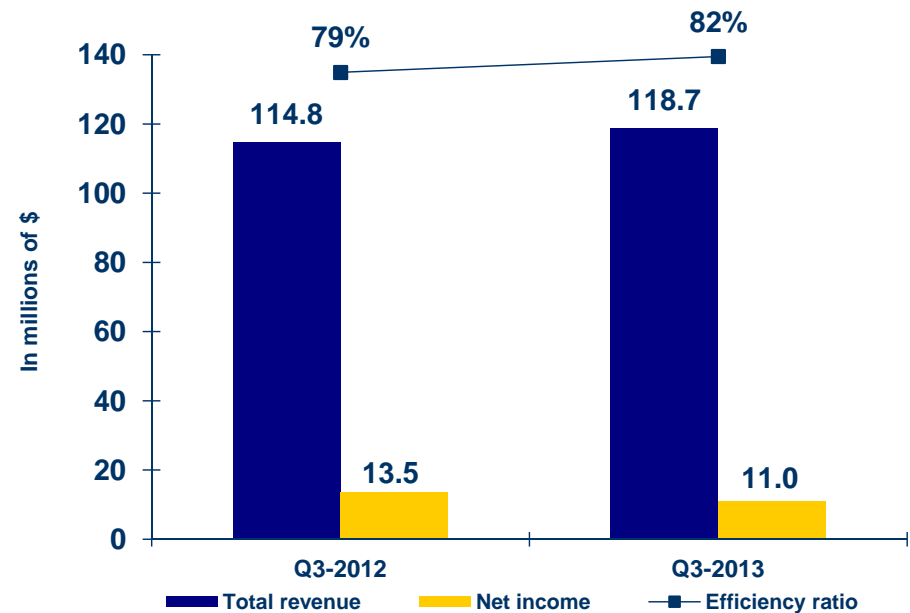
■ Common Equity Tier 1 capital ratio - All-in basis (under the Standardized Approach)

\* Pro-forma



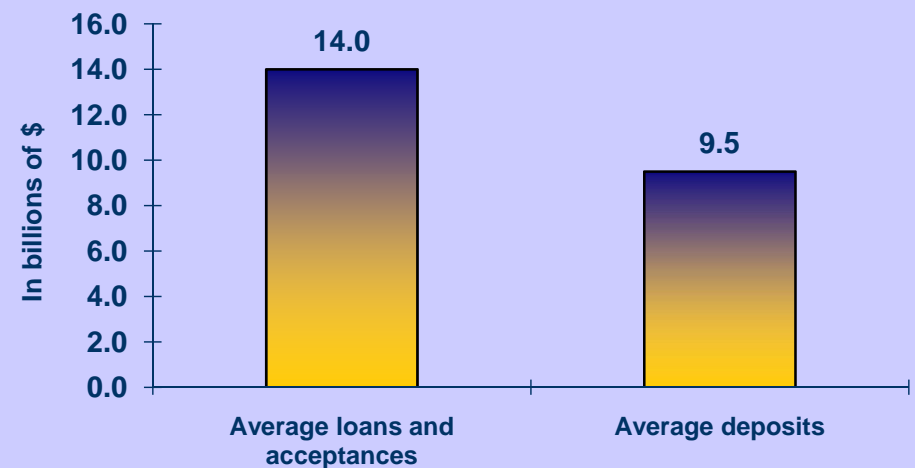
## Q3-2013 Highlights

- Net income: down \$2.5 M Y/Y
- Net interest income: down 3% Y/Y where growth in loans and deposits did not fully compensate for lower NIM
- Average loans and deposits : up 4% and down 2%, respectively Y/Y
- Other income up 18%: higher income from sales of mutual funds and deposit fees
- Non-interest expenses: up \$5.9 M Y/Y
- Loan loss provision: \$8.3 M in Q3-2013 vs \$6.5 M in Q3-2012



## Business Segment Profile

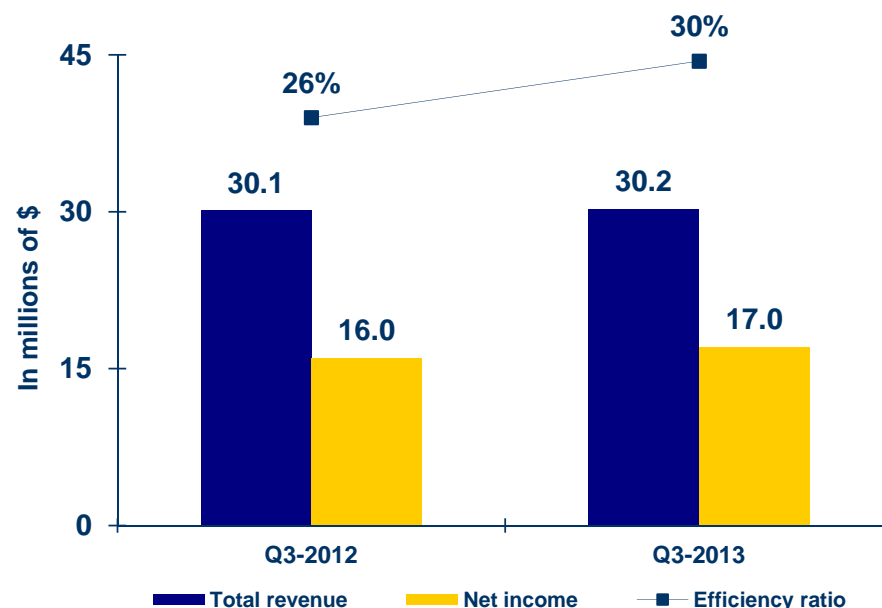
- Provides financial products and services for retail and SME in Québec
- 3<sup>rd</sup> largest branch network in Québec with 153 branches
- 422 ATMs
- 24 commercial banking centers





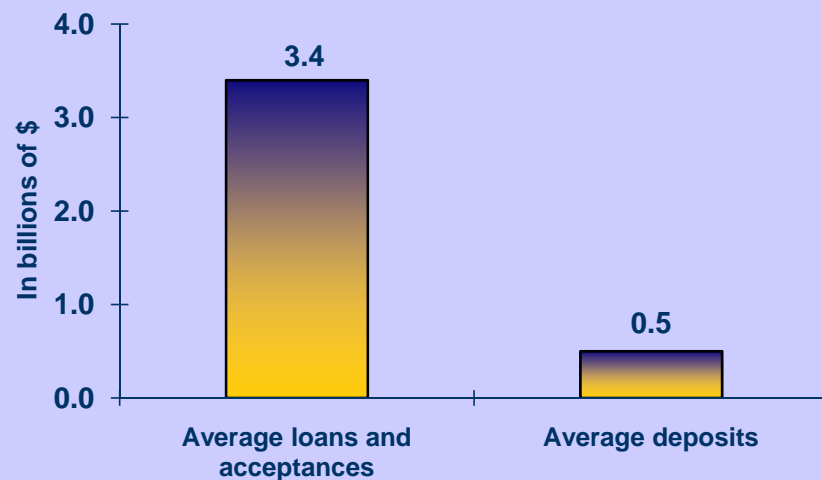
## Q3-2013 Highlights

- Net income: up 6% Y/Y
- Net interest income: relatively unchanged Y/Y
- Average loans and deposits: up 2% and down 10%, respectively Y/Y
- Non-interest expenses: up \$1.2 M Y/Y, due to regular salary increases and higher allocated costs Y/Y
- Loan losses: \$(1.9) M vs \$0.4 M reflecting sound credit quality



## Business Segment Profile

- Offers real estate financing for commercial property and commercial banking for medium-sized enterprises across Canada
- 14 real estate and commercial banking centers in B.C., Alberta, Ontario and Québec

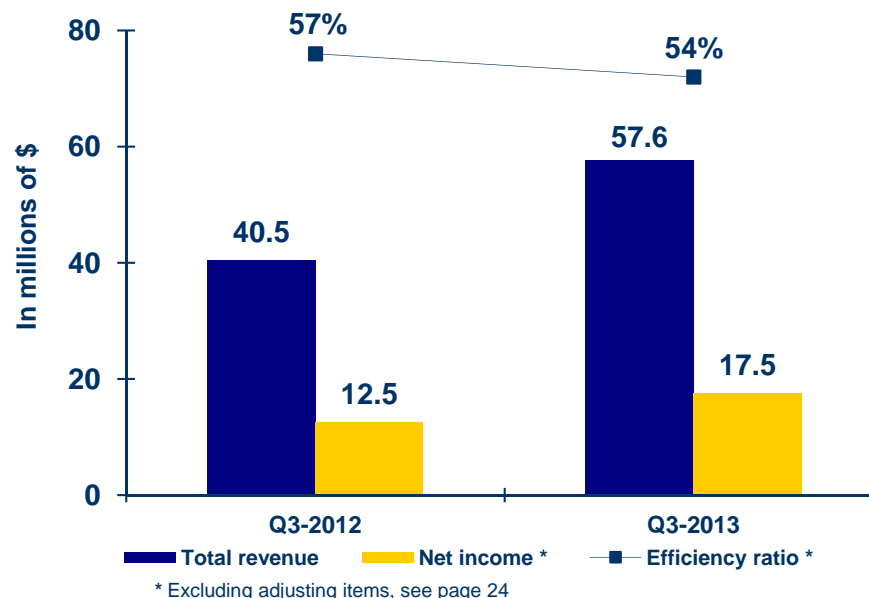






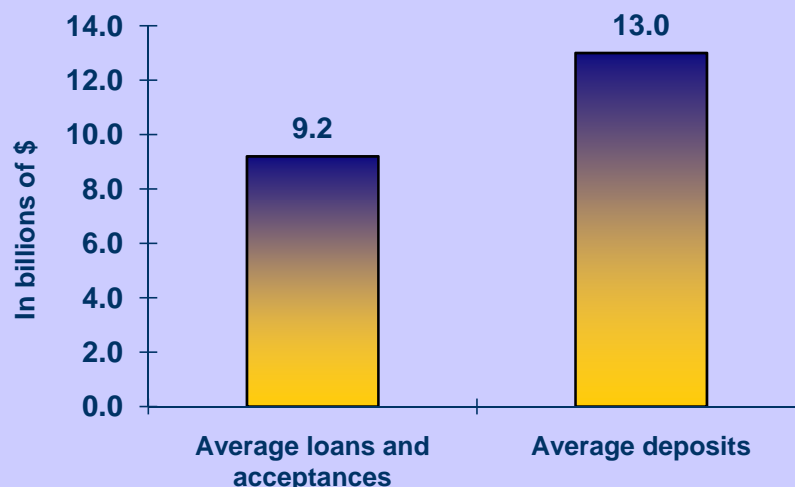
### Q3-2013 Highlights

- Adjusted net income: \$17.5 M up 40%
- T&I Costs: \$14.6 M vs \$7.2 M in Q3-2012
- Total revenue: up 42% Y/Y due to AGF Trust
- Net interest income: up 50% Y/Y mainly due to AGF Trust
- Solid average loan and deposit growth: up 53% and 26% respectively Y/Y due to AGF Trust
- Other income: up 11%
- Loan losses: \$2.5 M vs \$0.6 M in Q3-2012 due to \$0.9 M provisions from AGF Trust
- Non-interest expenses excluding T&I Costs: up \$1.1 M Y/Y excluding \$7.1 M related to AGF Trust



### Business Segment Profile

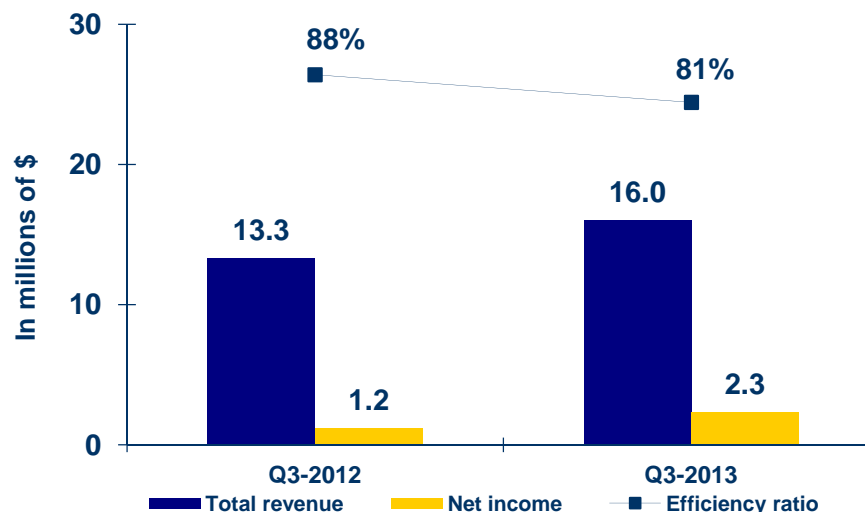
- Provides personal banking products such as investment loans, mortgages, high interest accounts, GIC's and investment accounts and services distributed through a network of financial advisors and brokers to their clients
- Canadian leader in serving financial professionals





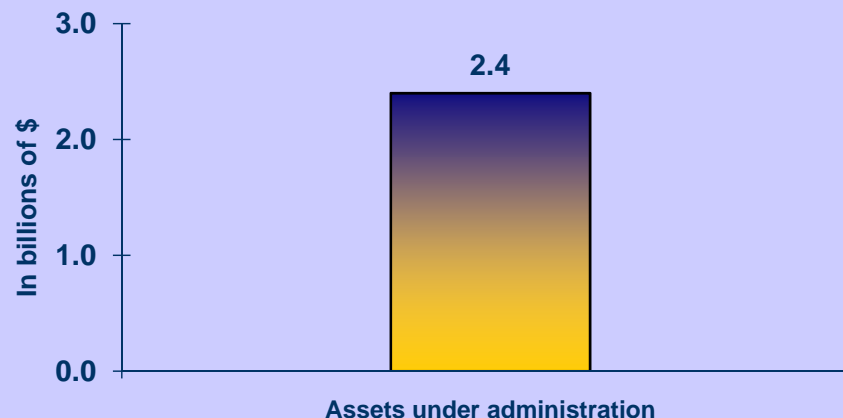
## Q3-2013 Highlights

- Net income: up 94% Y/Y
- Total revenue: increased by 21% due to improved trading and retail brokerage activities
- Non-interest expenses: up \$1.4 M due to higher performance-based compensation reflecting higher market-driven income



## Business Segment Profile

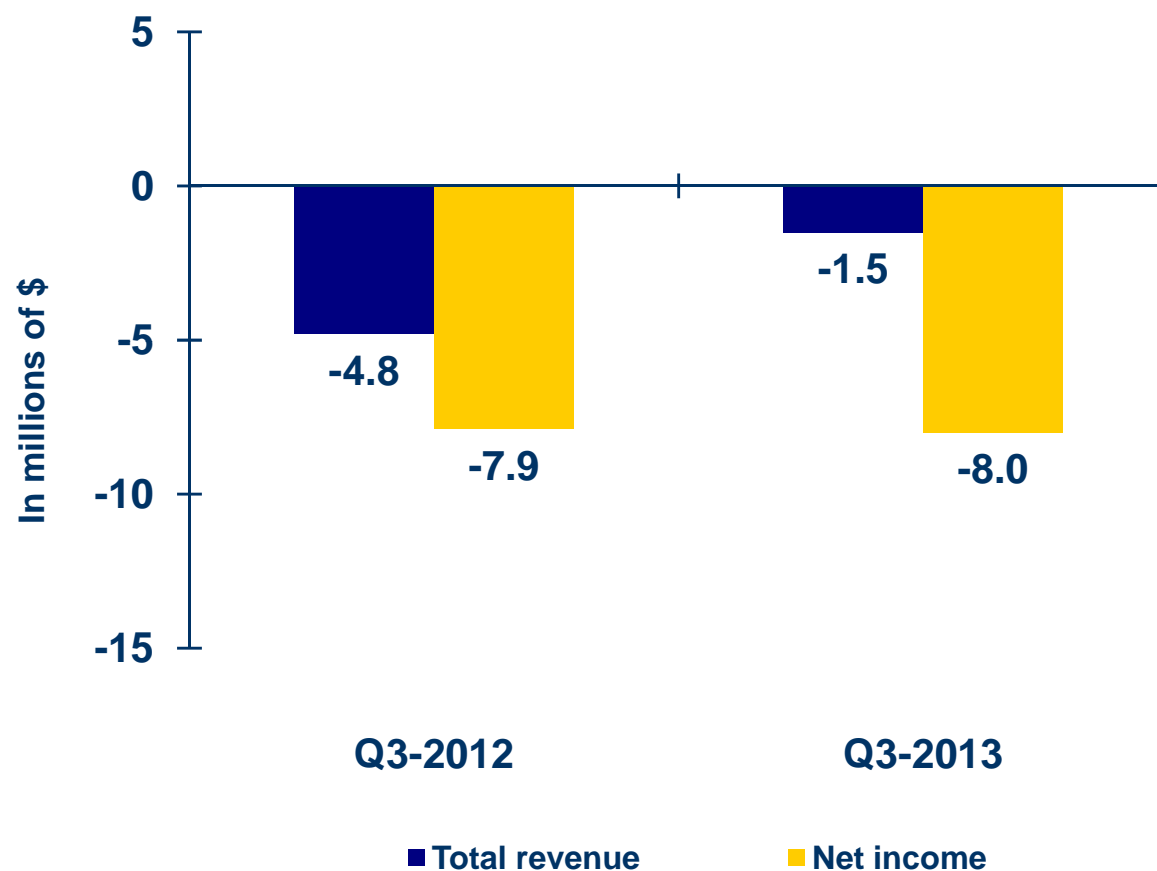
- Integrated broker serving Institutional and Retail investors
- Bank-related capital market activities
- Recognized and choice provider of Fixed Income
- 16 retail brokerage offices in Québec, Ontario and Manitoba





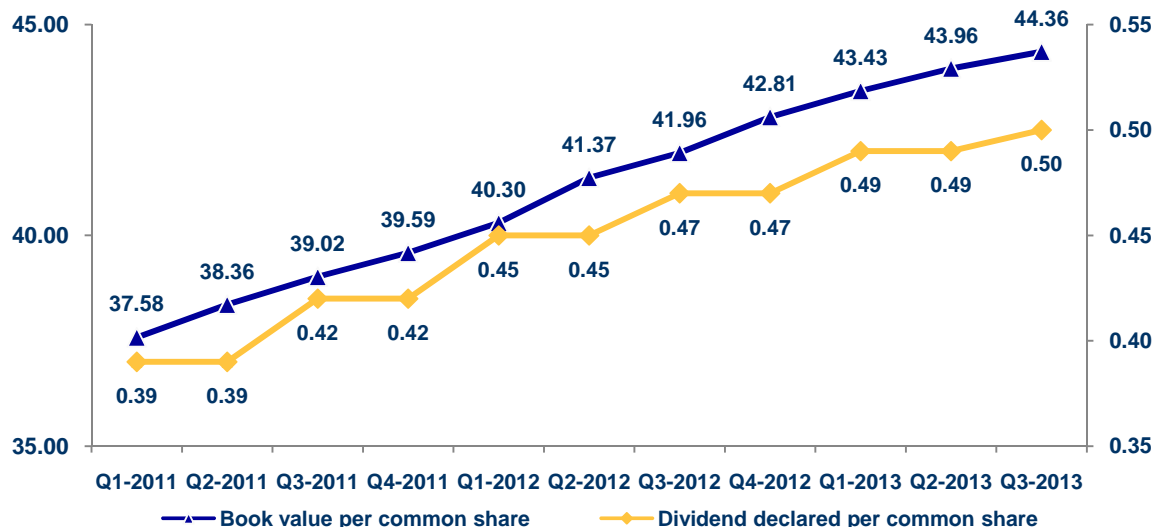
### Q3-2013 Highlights

- Total revenue increased by \$3.3 M from Q3-2012
- Non-interest expenses: increased by \$1.9 M to \$10.2 M



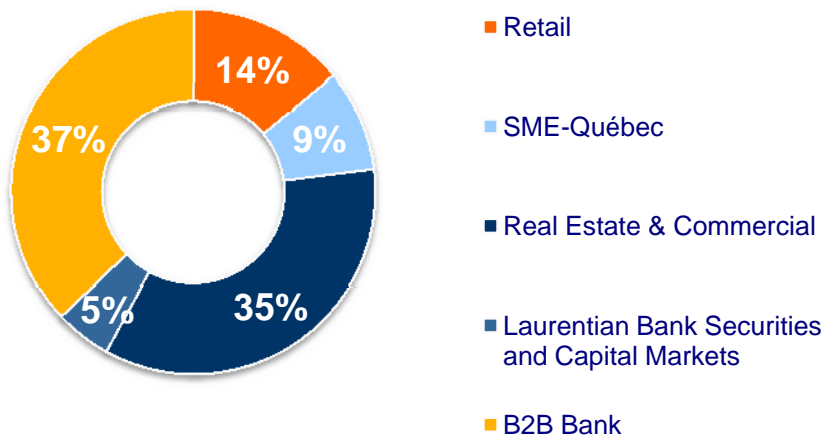


**Growth in dividends and book value (\$)**

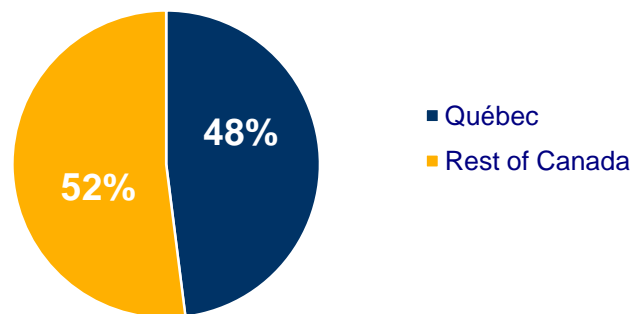


**Diversification of profitability**

Contribution to the Bank's adjusted net income for the quarter ended July 31, 2013, excluding Other segment



**Geographic distribution of profitability**



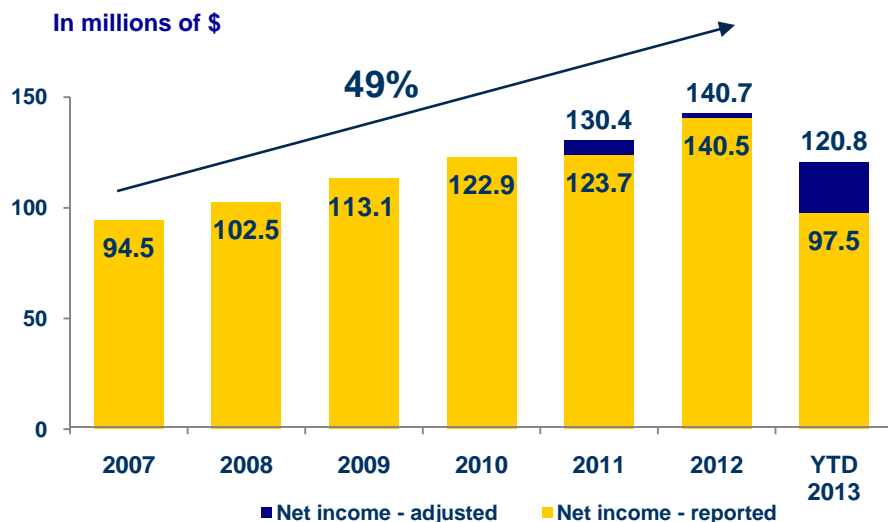


- **Réjean Robitaille**, President and Chief Executive Officer
- **Michel C. Lauzon**, Executive Vice-President and Chief Financial Officer
- **François Desjardins**, Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Bank
- **Pierre Minville**, Executive Vice-President and Chief Risk Officer
- **Lorraine Pilon**, Executive Vice-President, Corporate Affairs, Human Resources and Secretary
- **Michel C. Trudeau**, Executive Vice-President, Capital Markets of the Bank, and President and Chief Executive Officer of Laurentian Bank Securities Inc.
- **Stéphane Therrien**, Executive Vice-President, Real Estate and Commercial
- **Gilles Godbout**, Executive Vice-President, Retail Banking, Operations and Systems
- **Louis Marquis**, Senior Vice-President, Credit
- **Stéphanie Pelletier**, Vice-President, Finance
- **André Lopresti**, Vice-President and Chief Accountant
- **Gladys Caron**, Vice-President, Public Affairs, Communications and Investor Relations
- **Susan Cohen**, Director, Investor Relations

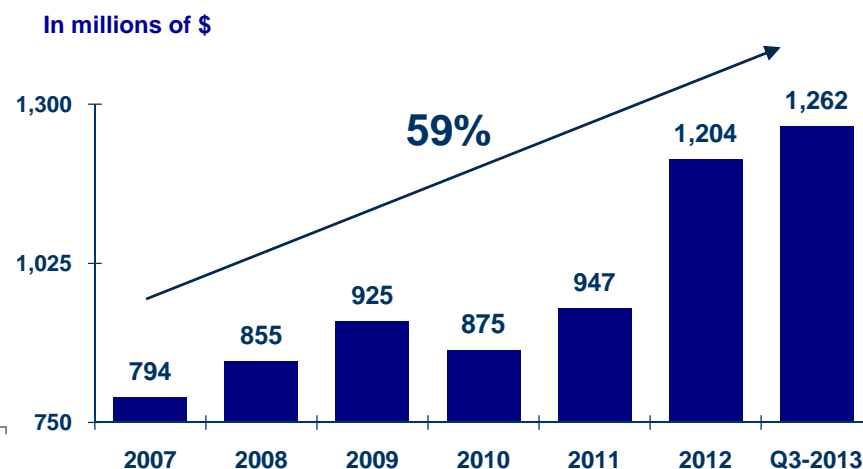
# APPENDICES



## Net income\*

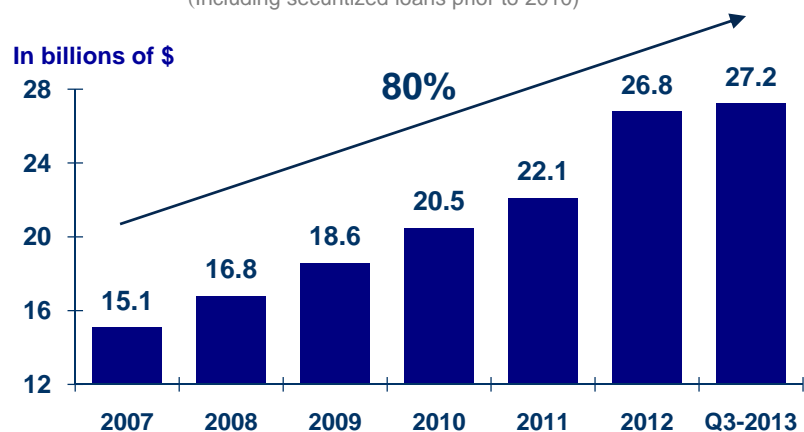


## Common shareholders' equity\*\*

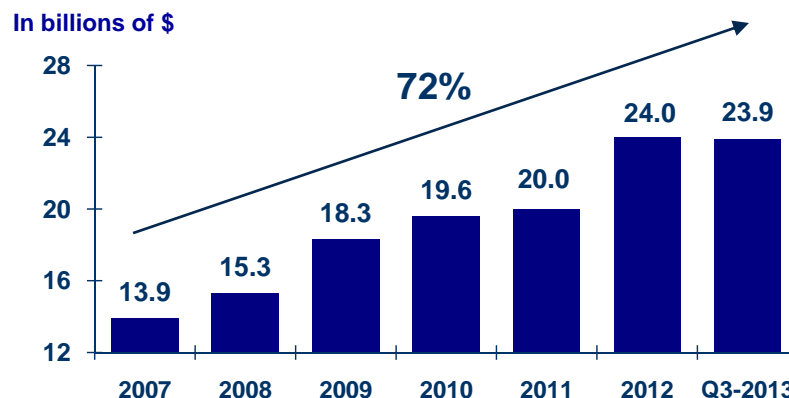


## Loans and BAs\*\*

(Including securitized loans prior to 2010)



## Deposits\*\*



\* Figures prior to 2011 not restated under IFRS

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



In millions of dollars, except per share amounts \*

## Impact on net income

	Q3-2013	Q2-2013	Q3-2012
<b>Reported net income</b>	<b>\$ 28.3</b>	<b>\$ 35.1</b>	<b>\$ 30.0</b>
<b>Adjusting items, net of income taxes</b>			
Gain on acquisition and amortization of net premium on purchased financial instruments	0.8	0.9	-
<b>Cost related to business combinations and other</b>			
MRS Companies	4.0	1.3	4.8
AGF Trust	6.7	3.2	0.5
	<u>11.6</u>	<u>5.4</u>	<u>5.3</u>
<b>Adjusted net income</b>	<b>\$ 39.8</b>	<b>\$ 40.5</b>	<b>\$ 35.3</b>

## Impact on diluted earnings per share

<b>Reported diluted earnings per share</b>	<b>\$ 0.91</b>	<b>\$ 1.10</b>	<b>\$ 1.06</b>
Adjusting items	0.41	0.19	0.21
<b>Adjusted diluted earnings per share</b>	<b>\$ 1.31</b>	<b>\$ 1.29</b>	<b>\$ 1.27</b>

\* Certain totals do not add due to rounding





- **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, see page 24



## **Réjean Robitaille, FCPA, FCA**

**President and Chief Executive Officer**

President of Laurentian Bank since 2006

With Laurentian Bank since 1988

## **Michel C. Lauzon**

**Executive Vice-President  
and Chief Financial Officer**

With Laurentian Bank since 2009

and from 1988 to 1998

## **François Desjardins**

**Executive Vice-President of the Bank**

**President and Chief Executive Officer of  
B2B Bank**

With Laurentian Bank since 1991

## **Gilles Godbout**

**Executive Vice-President, Retail  
Banking, Operations and Systems**

With Laurentian Bank since May 2012

and from 1987 to 1999

## **Pierre Minville**

**Executive Vice-President, and Chief Risk Officer**

With Laurentian Bank since 2000

## **Lorraine Pilon**

**Executive Vice-President**

**Corporate Affairs, Human Resources, and  
Secretary**

With Laurentian Bank since 1990

## **Stéphane Therrien**

**Executive Vice-President, Real Estate and  
Commercial**

With Laurentian Bank since February 2012

## **Michel C. Trudeau**

**Executive Vice-President, Capital Markets of the  
Bank and President and Chief Executive Officer of  
Laurentian Bank Securities Inc.**

With Laurentian Bank since 1999



**Isabelle Courville (2007)**

Chairman of the Board  
Laurentian Bank of Canada  
Corporate Director

**Lise Bastarache (2006)**

Economist and Corporate  
Director

**Jean Bazin C.R. (2002)**

Counsel  
Fraser Milner Casgrain LLP

**Richard Bélanger,  
FCPA, FCA (2003)**

President  
Toryvel Group Inc.

**Michael T. Boychuk,  
FCPA, FCA (2013)**

President  
Bimcor Inc.

**Pierre Genest (2006)**

Chairman of the Board  
SSQ, Life Insurance Company  
Inc.

**Michel Labonté (2009)**

Corporate Director

**A. Michel Lavigne,  
FCPA, FCA (2013)**

Corporate Director

**Jacqueline C. Orange (2008)**

Corporate Director

**Marie-France Poulin (2009)**

Vice-President  
Camanda Group

**Réjean Robitaille,  
FCPA, FCA (2006)**

President and Chief Executive  
Officer  
Laurentian Bank of Canada

**Michelle R. Savoy (2012)**

Corporate Director

**Jonathan I. Wener, C.M.  
(1998)**

Chairman of the Board  
Canderel Management Inc.



**Gladys Caron** - Vice-President, Public Affairs,  
Communications and Investor Relations  
514-284-4500 ext. 7511

**Susan Cohen** - Director, Investor Relations  
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