



LAURENTIAN  
BANK

## Second Quarter 2008 Results Conference Call

**Presented by Réjean Robitaille, President  
and CEO  
and  
Robert Cardinal, CFO**

Analysts and Institutional Investors  
**May 28, 2008**



LAURENTIAN  
BANK

## FORWARD-LOOKING STATEMENTS

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada (the "Bank") may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation, including statements regarding the Bank's business plan and financial objectives. These statements typically use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could, would or the negative of these terms or variations of them 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 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 appreciably 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 cautions that the foregoing list of factors is not exhaustive. For more information on the risk, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's public filings available at [www.sedar.com](http://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.

### Net income, significant items

To facilitate analysis, net income excluding certain items has been presented in the document. In management's opinion, these items, which have been excluded, should not be considered when analysing the Bank's performance. Net income, excluding special items is not based on Canadian generally accepted accounting principles and may not be comparable to another company's net income.

**For questions on this presentation, please contact:**

**Gladys Caron, Vice-President, Public Affairs, Communications and Investor Relations**

**Tel: 514 284-4500, extension 7511 • Cell: 514 893-3963**

**[gladys.caron@banquelaurentienne.ca](mailto:gladys.caron@banquelaurentienne.ca)**



## SECOND QUARTER 2008 OVERVIEW

### Results

- Net income of \$25.1 million in Q2 2008, representing a growth of more than 20% over Q2 2007
- Core diluted EPS of \$0.93, representing a 37% increase over core Q2 2007
- Efficiency ratio at 71.3% versus 74.8% in Q2 2007

### Main facts

- Strong growth in loans and BA's at 6% and in deposits at 7% over a 12-month period
- Good expense control and a positive operating leverage
- High level of securitization activities

3



## 2008 PERFORMANCE INDICATORS

Performance Indicators	2008 Objectives	6-Month Period Ended April 30, 2008 Actual *
Return on Equity	9.5% to 10.5%	9.6% *
Diluted Net Income per Share	\$3.30 to \$3.60	\$1.61 (6 months) *
Total Revenue	+ 5% (\$615 M)	+ 6.7% (\$306.6 M)
Efficiency Ratio	74% to 72%	71.6%
Tier 1 Capital Ratio	Minimum of 9.5%	10.2%

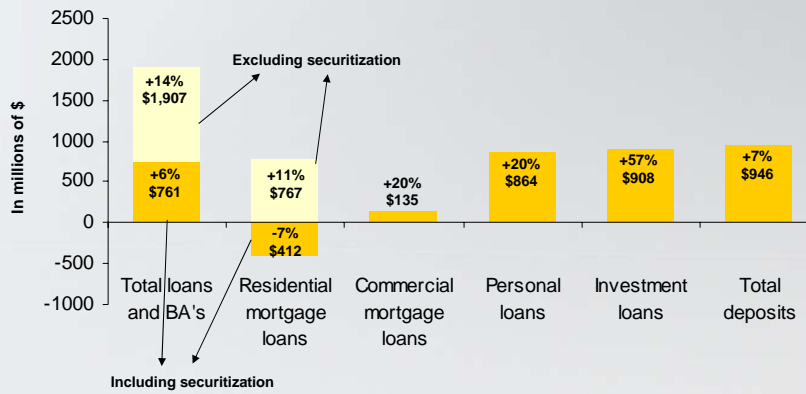
The objectives above are solely intended to provide the reader with information about how management measures its performance. It is not intended to disclose the Bank's expectations for future financial results.

\* Excluding one unfavourable tax adjustment of \$5.6 M in Q1 2008, return on equity would have been 11.0% and diluted net income per share, \$1.84, for the first 6 months of 2008.

4

## MAIN PORTFOLIO GROWTH

### Q2 2008 Growth over Q2 2007 (Consolidated)



5

## HIGHLIGHTS – Q2 2008

In millions of \$  
except per share amounts

	Q2 2008	Q1 2008	Q2 2007	Variation	
				Q2 08 vs Q2 07	Q2 08 vs Q1 08
Net Interest Income	99.0	99.5	95.5	4%	-1%
Other Income	56.5	51.5	50.2	13%	10%
<b>Total Revenue</b>	<b>155.5</b>	<b>151.1</b>	<b>145.7</b>	<b>7%</b>	<b>3%</b>
Provisions for credit losses	10.0	9.5	10.0	0%	5%
Non-Interest Expenses	110.9	108.6	109.0	2%	2%
Income Taxes	9.5	13.9	6.1	57%	-32%
<b>Net Income from continuing operations</b>	<b>25.1</b>	<b>19.1</b>	<b>20.7</b>	<b>22%</b>	<b>32%</b>
Net Income available to common shareholders	22.2	16.2	17.7	26%	37%
<b>EPS (diluted)</b>	<b>\$0.93</b>	<b>\$0.68</b>	<b>\$0.75</b>	<b>25%</b>	<b>37%</b>
Return on Equity	11.2%	8.1%	9.7%		
<b>Significant items*</b>					
Tax adjustments		-5.6	1.6		
<b>Excluding special items and from continuing operations</b>					
Net income	25.1	24.7	19.1	32%	2%
<b>EPS (diluted)</b>	<b>\$0.93</b>	<b>\$0.91</b>	<b>\$0.68</b>	<b>37%</b>	<b>2%</b>
Return on Equity	11.2%	10.9%	8.8%		

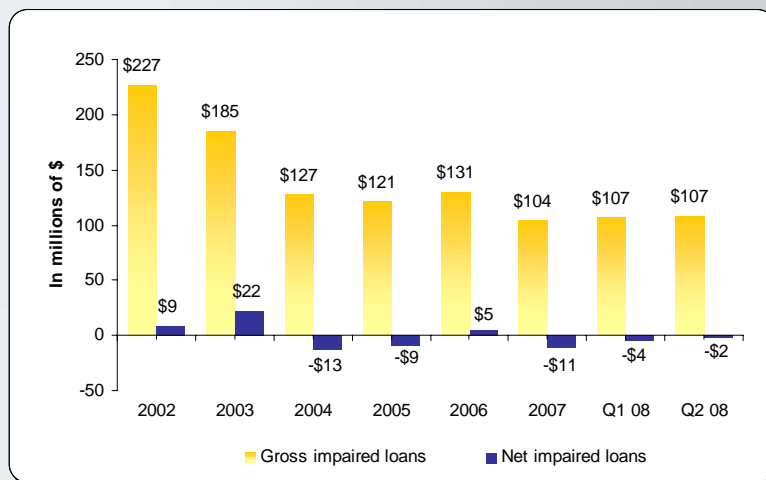
\*Q1 2008: unfavourable tax adjustment of \$5.6 M resulting from the decrease in the Bank's future tax asset as a result of new reductions to the federal income tax rates adopted in December 2007; \*Q2 2007: favorable effect of tax recoveries of \$1.6 M

6

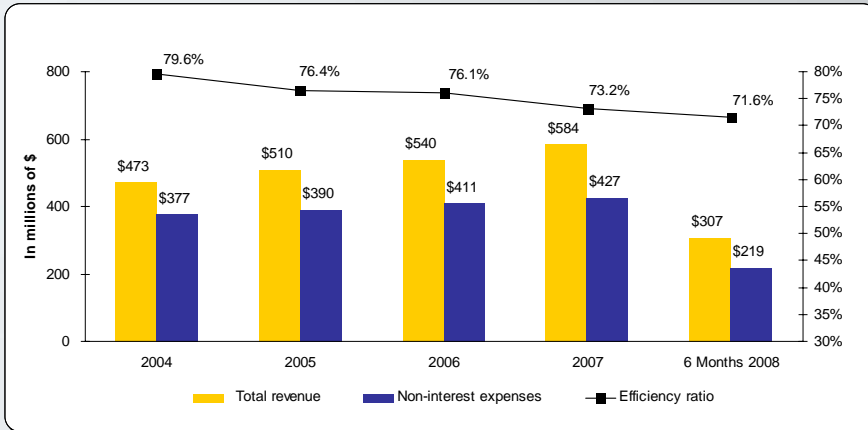
Q2 2008 vs Q2 2007

- Net interest income improvement ✓
- Other income increase ✓
- Stable provisions for loan losses ✓
- Positive operating leverage ✓

Evolution of Gross and Net Impaired Loans

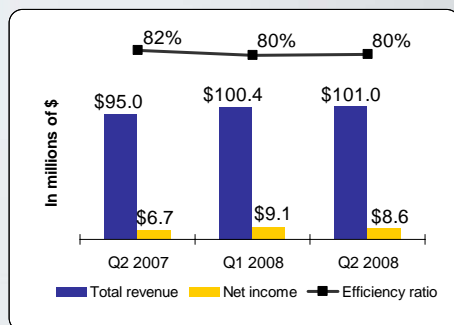


## EFFICIENCY RATIO



9

## RETAIL & SME QUEBEC



### Q2 2008 versus Q2 2007

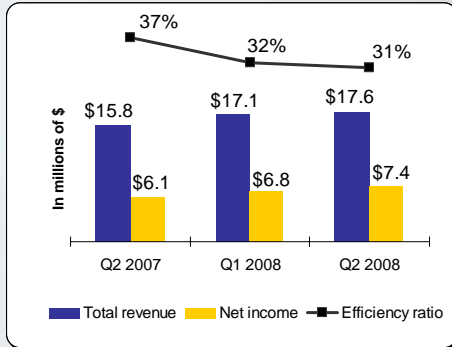
- Total revenue growth of 6%
- Net income increase of \$1.8 M
- Higher provisions for credit losses
- Higher non-interest expenses due to an increase in salaries and in the number of employees to support growth initiatives

### Main drivers

- Average loan growth: +8% (+\$723 M)
- Average deposit growth: +5% (+\$340 M)

Since November 1, 2007, activities related to small-and-medium enterprises in Quebec are grouped with those of Retail Financial Services in the new Retail & SME Quebec segment. These commercial activities were previously included in the Commercial Financial Services segment. Certain comparative figures have been reclassified to conform to the new structure of the business segment.

10



### Q2 2008 versus Q2 2007

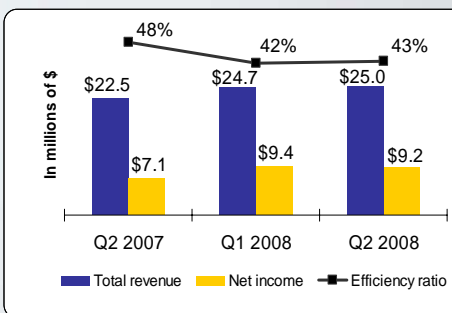
- Total revenue growth of 11%
- Net income growth of 21%
- Relatively stable provisions for credit losses
- Lower non-interest expenses resulting from efficiency gains due to the reorganization of activities related to the commercial segments in 2007

### Main drivers

- Average loan growth: +22% (+\$354 M)
- Average deposit growth: +24% (\$35 M)

Since November 1, 2007, activities related to small-and-medium enterprises in Quebec are grouped with those of Retail Financial Services in the new Retail & SME Quebec segment. These commercial activities were previously included in the Commercial Financial Services segment. Real Estate and Commercial now includes real estate financing throughout Canada and commercial financing in Ontario, as well as National accounts. Certain comparative figures have been reclassified to conform to the new structure of the business segment.

11



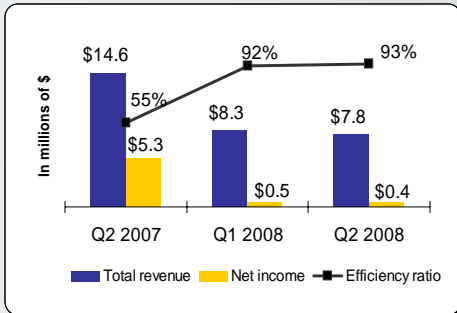
### Q2 2008 versus Q2 2007

- Total revenue growth of 11%
- Net income growth of 29%
- Lower provisions for credit losses
- Stable non-interest expenses

### Main drivers

- Investment loan growth: +57% (+\$908 M)
- Average loan growth: +30% (+869 M)
- Average deposit growth: +13% (+\$676 M)

12

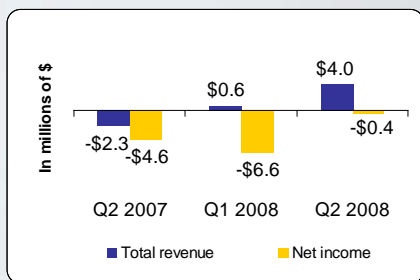

**Q2 2008 versus Q2 2007**

- Total revenue decreased by \$6.7 M, mainly as a result of the pre-tax gain of \$4.4 M in Q2 2007 related to the sale of a portion of the Montreal Exchange shares
- Net income, which decreased by \$4.9 M, was also affected by the sale of the Montreal Exchange shares for a \$3.7 M amount after taxes
- To a lesser extent, net income was also affected by the reduced level of activity in the Retail division during the quarter

**Main driver**

- Lower non-interest expenses due to lower variable compensation and cost control measures

13


**Q2 2008 versus Q2 2007**

- \$6.4 M increase in total revenue
- \$9.2 M gain on securitization
- \$1.2 M reduction in the value of certain swaps
- \$6.3 M decrease in net interest income as a result of asset and liability management and the higher level of securitized mortgages
- Q2 2007 particularities:
  - \$4.3 M pre-tax loss related to liquidities sold prior to maturity
  - Two favorable tax adjustments of \$1.6 M
- Higher treasury and financial market revenues
- Higher net income by \$4.2 M

14



## GROWTH INITIATIVES

### During Q2 2008

- Increased presence in the residential mortgage products sector
- Launching of new investment products
- Launching of new investment loan application Web platform at B2B Trust
- Addition of new employees to support business development

15


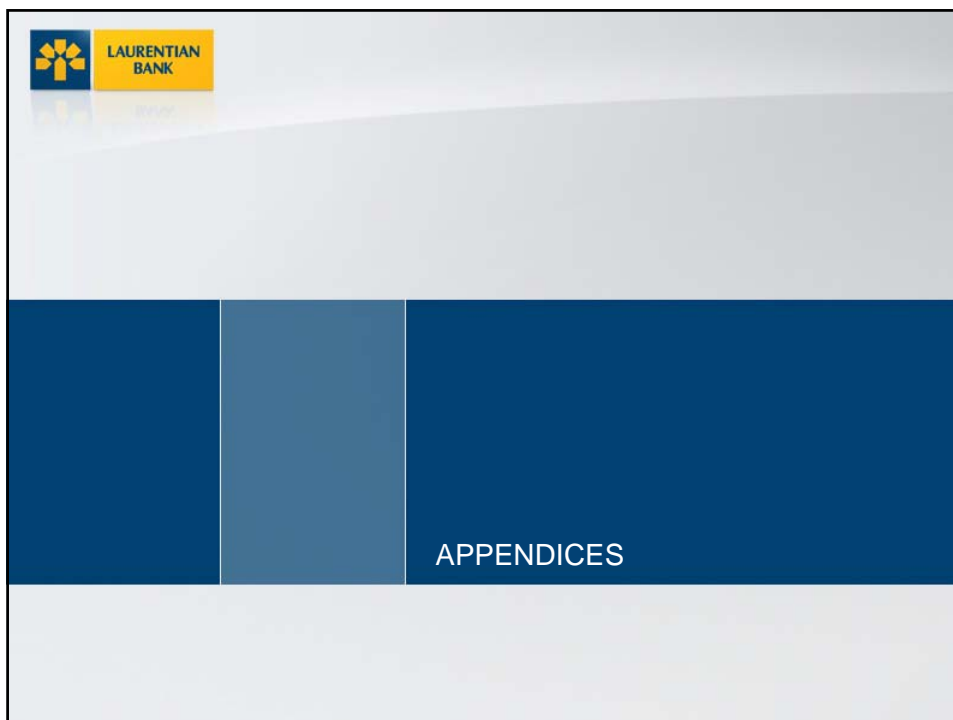


## Q2 2008 CONFERENCE CALL ATTENDANCE

- Réjean Robitaille, President and CEO
- Robert Cardinal, CFO
- Bernard Piché, Head of Treasury, Capital Markets and Brokerage
- Luc Bernard, Head of Retail Financial Services and SMEs
- François Desjardins, Head of B2B Trust
- Michel Trudeau, Head of Laurentian Bank Securities
- Louis Marquis, Head of Credit
- Marc Paradis, Controller
- Pierre Minville, Head of Integrated Risk Management
- André Lopresti, Chief Accountant
- Gladys Caron, Head of Public Affairs, Communications and Investor Relations

16





## OVERVIEW OF LAURENTIAN BANK

- **3rd-largest institution in Quebec** in terms of branches and 7th largest Canadian Schedule 1 chartered bank based on assets
- Assets (as at April 30, 2008)
  - **Balance sheet: \$18.4 billion**
  - **Assets under administration: \$15.9 billion**
- Main markets: Province of Quebec (Canada) with significant activities elsewhere in Canada (41% of total loans outside of Quebec as at October 31, 2007)
- **156 retail branches**
- **3,385 employees (FTE)**
- Founded in 1846

18



## LAURENTIAN BANK'S STRENGTHS

### **Solid financial situation**

- Strong balance sheet and capital ratios
- Strong proportion of insured mortgages and of personal deposits
- Limited exposure to asset-backed commercial papers issued by non-bank conduits

### **An efficient strategy**

- Solid presence in Quebec
- Diversified activities spread across Canada
- High quality products and services

19



## A CLEAR GEOGRAPHICAL AND BUSINESS FOCUS

### **Positioning in Quebec**

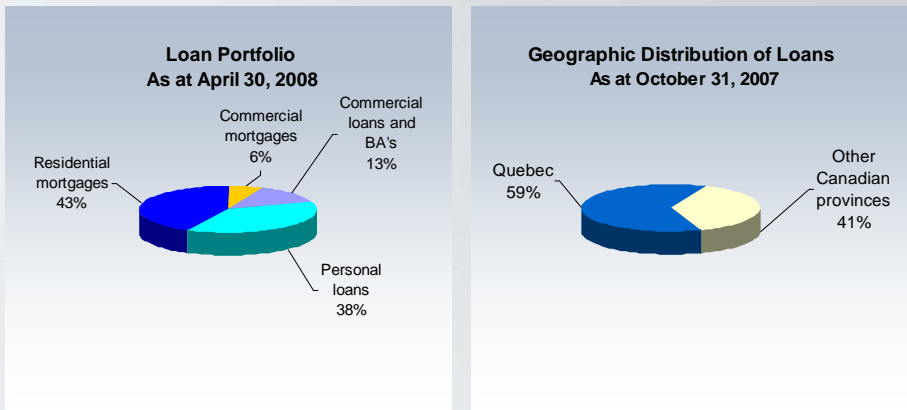
- With 156 retail, 21 commercial and 12 brokerage branches, Quebec is LBC's main market. All business lines are active in this market
- Retail network is the 3rd largest in Quebec

### **Positioning elsewhere in Canada**

- Target specific niches where LBC has distinctive advantages, that is:
  - B2B Trust
  - Commercial Financial Services
  - Indirect points-of-sale network
  - Laurentian Bank Securities
  - Mortgages and deposits through brokers

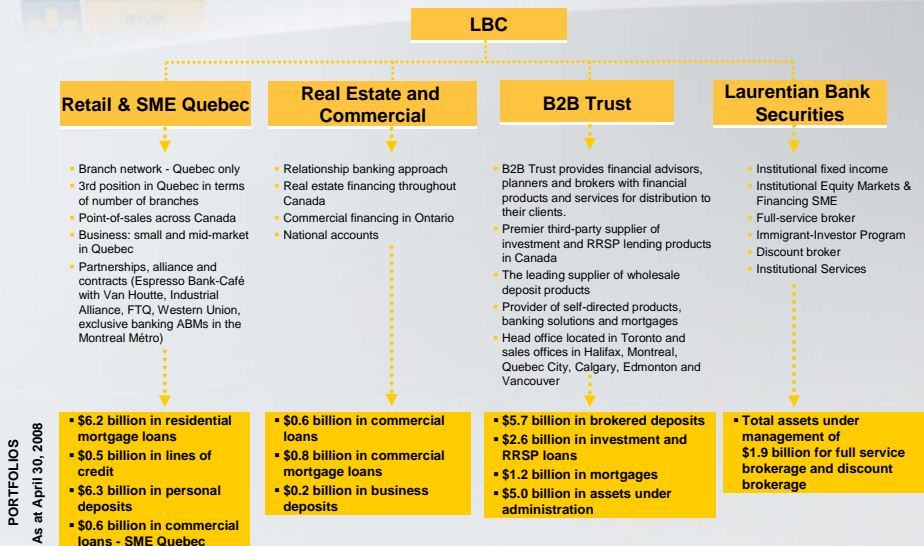
20

## DIVERSIFICATION OF LOAN PORTFOLIO



21

## FOUR BUSINESS LINES



22



## MANAGEMENT COMMITTEE

### **Réjean Robitaille**

**President and Chief Executive Officer**

✓ CEO at Laurentian Bank since 2006,  
and with the Bank since 1988

### **Robert Cardinal**

**Senior Executive Vice-President,  
Finance, Administration and Strategic  
Development, and Chief Financial Officer**

✓ At Laurentian Bank since 1991

### **Bernard Piché**

**Senior Executive Vice-President,  
Treasury, Capital Markets and Brokerage**

✓ At Laurentian Bank since 1994

### **Luc Bernard**

**Executive Vice-President,  
Retail and SME Quebec**

✓ At Laurentian Bank since 2001

### **François Desjardins**

**President and Chief Executive Officer  
B2B Trust**

✓ At Laurentian Bank since 1991

### **Lorraine Pilon**

**Executive Vice-President,  
Corporate Affairs and Secretary**

✓ At Laurentian Bank since 1990