



LAURENTIAN  
BANK

## 2<sup>nd</sup> quarter 2010 CONFERENCE CALL

Réjean Robitaille, President & CEO

Michel C. Lauzon, CFO

*May 26, 2010 at 3:30 p.m.*

*1-888-789-9572*



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# 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. 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 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, would or the negative of these terms or 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 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.

## **NON-GAAP FINANCIAL MEASURES**

The Bank uses both generally accepted accounting principles (“GAAP”) and certain non-GAAP measures to assess its performance. Non-GAAP measures do not have any standardized meaning and are unlikely to be comparable to any similar measures presented by other companies. The Bank believes that these non-GAAP financial measures provide investors and analysts with useful information so that they can better understand financial results and analyze the Bank's growth and profitability potential more effectively.

### **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)



	Q2-2010	Q2-2009	Variance Q2-10 vs Q2-09
Net income	\$28.3 M	\$21.2 M	34%
Diluted EPS	\$1.06	\$0.76	39%
ROE	10.9%	8.5%	240 bps.

## Q2-2010 HIGHLIGHTS

- Strong revenue growth
- Positive operating leverage
- Significantly improved efficiency ratio
- Strong loan growth
- Sharply lower securitization revenue replaced by growth in core other income
- Higher provisions for loan losses, compared to last year



## TRACKING OF 2010 OBJECTIVES

	2010 OBJECTIVES	6 months ended April 30, 2010 RESULTS
Return on common shareholders' equity	10.0% to 12.0%	11.6%
Diluted net income per share	\$4.00 to \$4.70	\$2.26
Revenue growth	5% to 10%	15.2%
Efficiency ratio	70% to 67%	68.0%
Tier 1 capital ratio	Minimum of 9.5%	10.9%

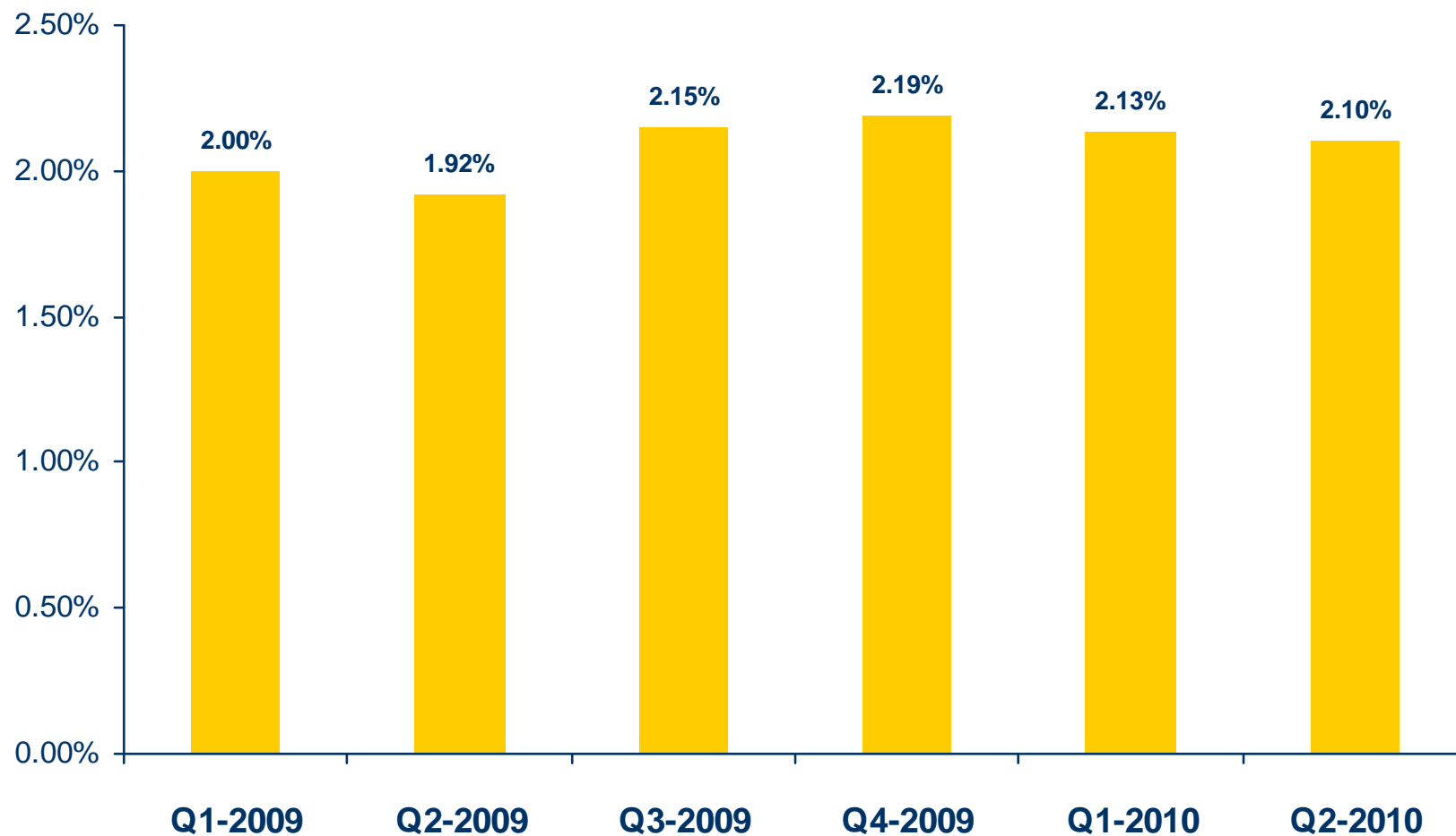


# FINANCIAL HIGHLIGHTS

## Q2-2010 vs Q2-2009

In millions of dollars, except per share amounts

	<u>Q2-2010</u>	<u>Q2-2009</u>	<u>Variance</u> <u>Q2-2010 vs</u> <u>Q2-2009</u>
Net interest income	117.6	94.1	25%
Other income	60.5	60.7	0%
<b>Total revenue</b>	<b>178.1</b>	<b>154.8</b>	15%
Provision for credit losses	16.0	12.0	33%
Non-interest expenses	123.5	114.0	8%
Income taxes	10.2	7.6	
<b>Net income</b>	<b>28.3</b>	<b>21.2</b>	34%
Preferred share dividends	3.1	3.0	2%
<b>Net income available to common shareholders</b>	<b>25.3</b>	<b>18.2</b>	39%
<b>Diluted EPS</b>	<b>\$1.06</b>	<b>\$0.76</b>	39%
Return on common shareholders' equity	10.9%	8.5%	+240 bps
Efficiency ratio	69.4%	73.7%	-430 bps





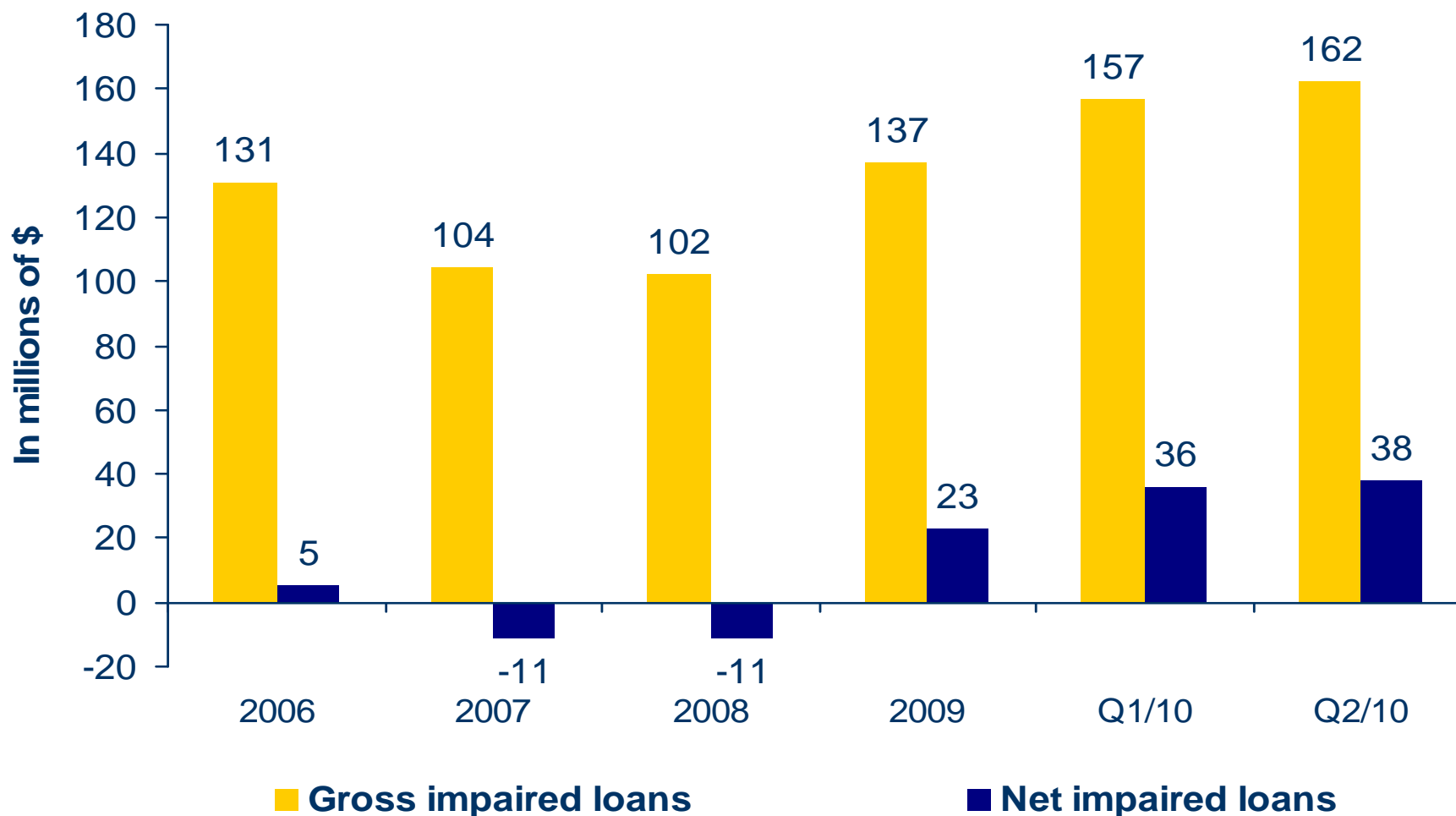
# PROVISION FOR LOAN LOSSES

## FOR THE THREE MONTHS ENDED

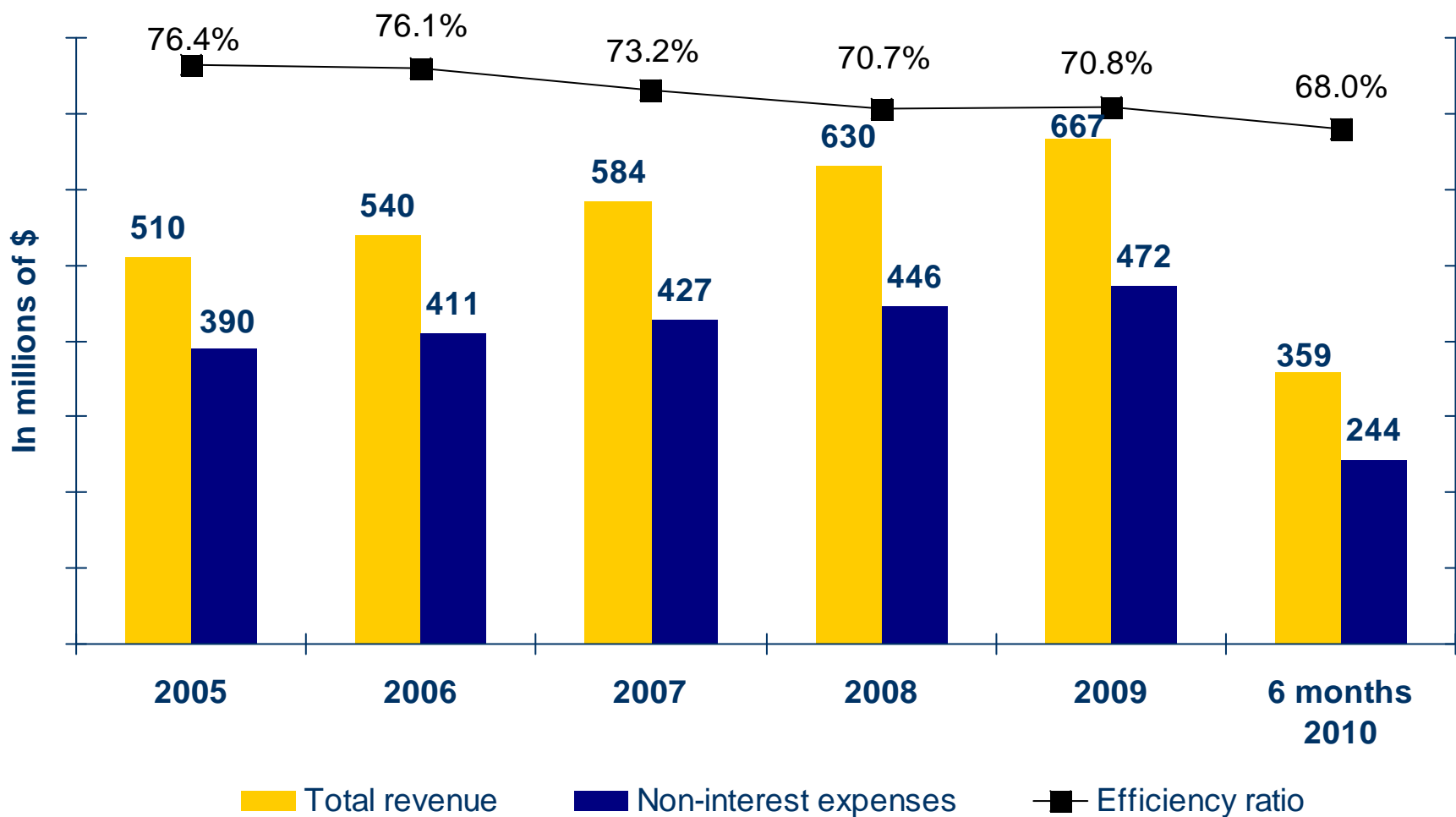
In thousands of \$	April 30, 2010	January 31, 2010	April 30, 2009
<b>Personal loans and Visa cards</b>	<b>7,591</b>	8,658	7,972
<b>Residential mortgages</b>	<b>172</b>	263	123
<b>Commercial mortgages</b>	<b>3,069</b>	794	7
<b>Commercial loans and other</b>	<b>5,168</b>	6,285	3,898
<b>TOTAL</b>	<b>16,000</b>	16,000	12,000
<b>As a % of average loans &amp; BAs</b>	<b>0.10</b>	0.10	0.08



## Evolution of gross and net impaired loans



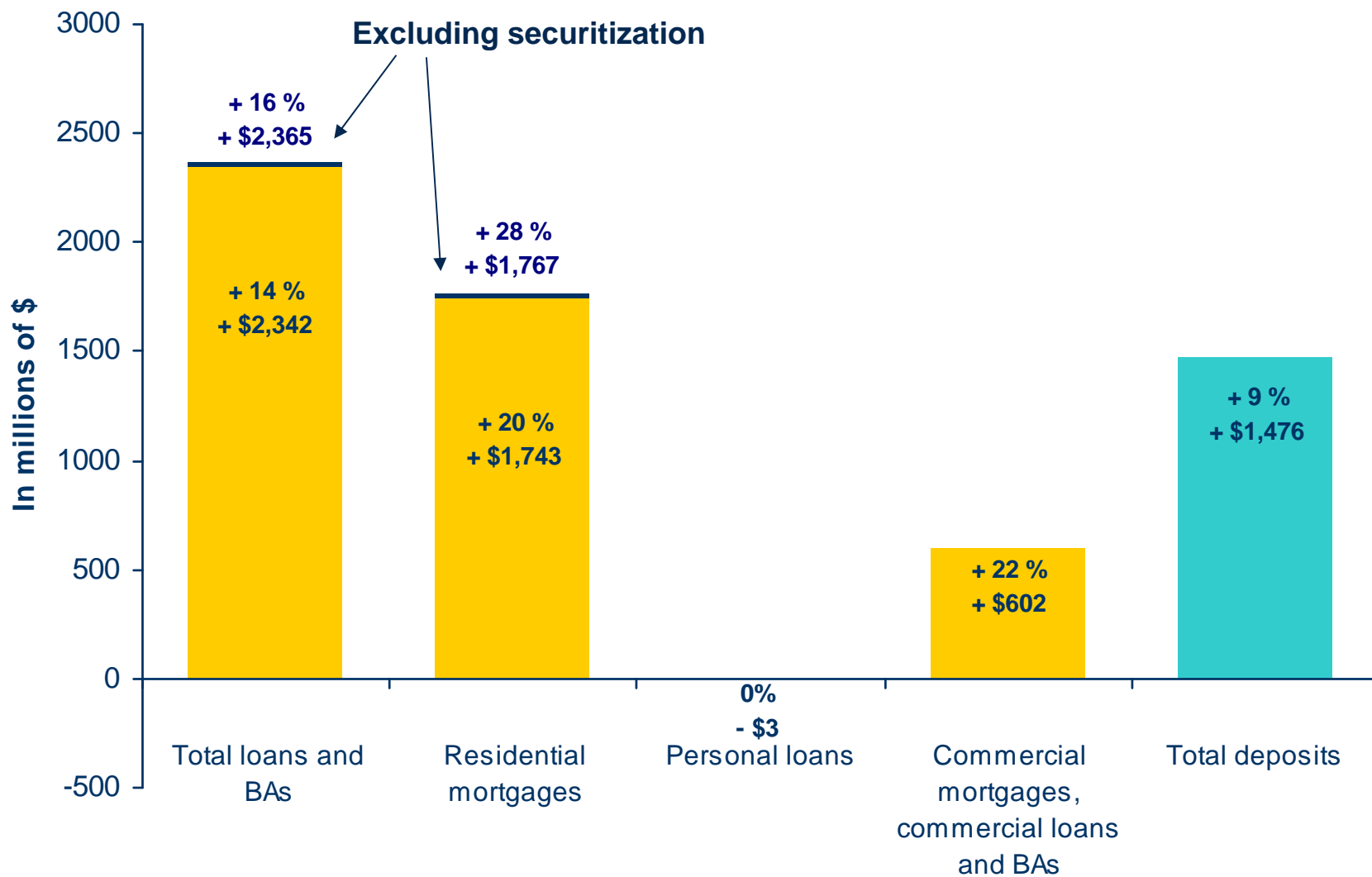






# MAIN PORTFOLIO GROWTH

Last 12 months as at April 30, 2010





# BUSINESS SEGMENTS PERFORMANCE

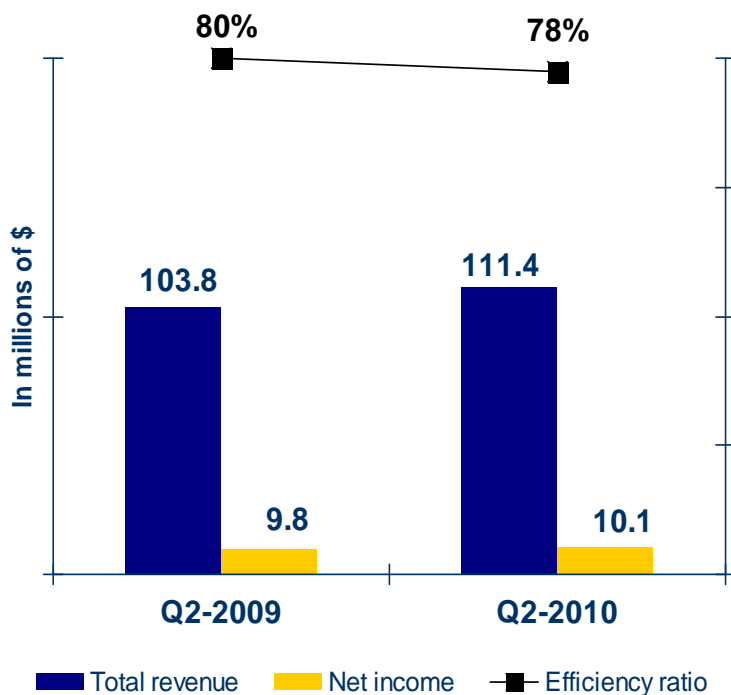
Q2-2010

	Retail & SME Quebec	Real Estate & Commercial	B2B Trust	LBS & Capital Markets <sup>(3)</sup>	Other <sup>(1)(3)</sup>	TOTAL
<b>Total revenue</b> (growth Q2-2010 versus Q2-2009)	\$111.4 M + 7%	\$29.1 M + 38%	\$29.6 M + 24%	\$15.3M + 9%	- \$7.3 M + 9%	\$178.1M + 15%
<b>Net income</b> (growth Q2-2010 versus Q2-2009)	\$10.1 M + 3%	\$13.7 M + 80%	\$11.4 M + 45%	\$2.6 M - 23%	- \$9.3M - 27%	\$28.3 M + 34%
<b>Total net income contribution <sup>(2)</sup></b>	27%	36%	30%	7%	N.A.	100%

(1) The business segment Other includes more than 700 employees working in Treasury, Finance and Operations, Credit, Corporate Affairs and Human Resources.

(2) Percentage of net income contribution from the four business segments, excluding the segment Other.

(3) As of November 1, 2009, certain capital market activities are now reported with the Laurentian Bank Securities and Capital Markets business segment, while foreign exchange and international services are now grouped with the Real Estate and Commercial business segment. Those activities were previously reported in the Other segment. Comparative figures were reclassified to conform to the current period presentation.

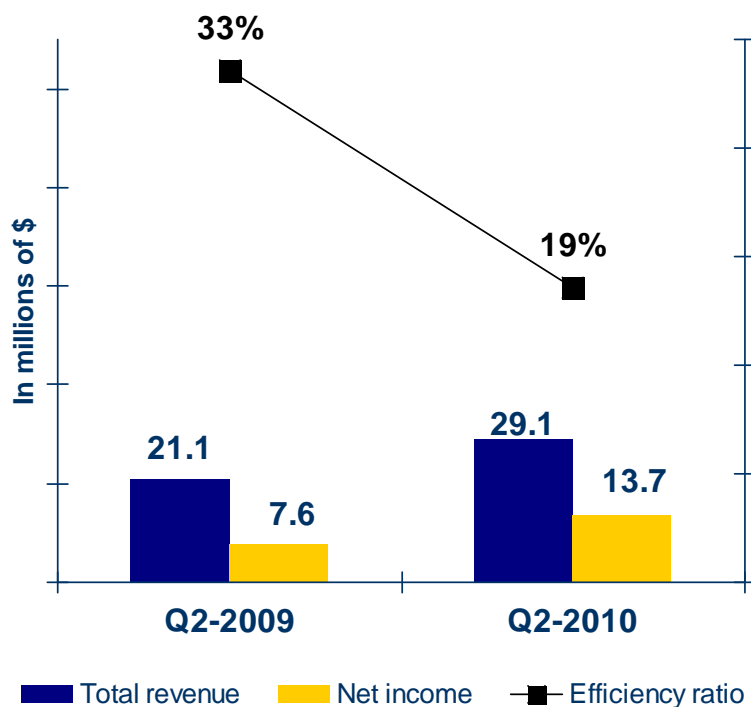


## Q2-2010 versus Q2-2009

- Total revenue: + 7% (+ \$7.6 M)
- Net income: + 3% (+ \$0.3 M)

## Main drivers

- Average loans: + 9% (+ \$981 M to \$11,589 M)
- Average deposits: + 10% (+ \$790 M to \$8,475 M)
- Higher loan losses (\$11.5 M versus \$8.1 M) largely due to one commercial account
- Higher fee income
- Higher non-interest expenses due to salaries and employee benefits and staffing levels

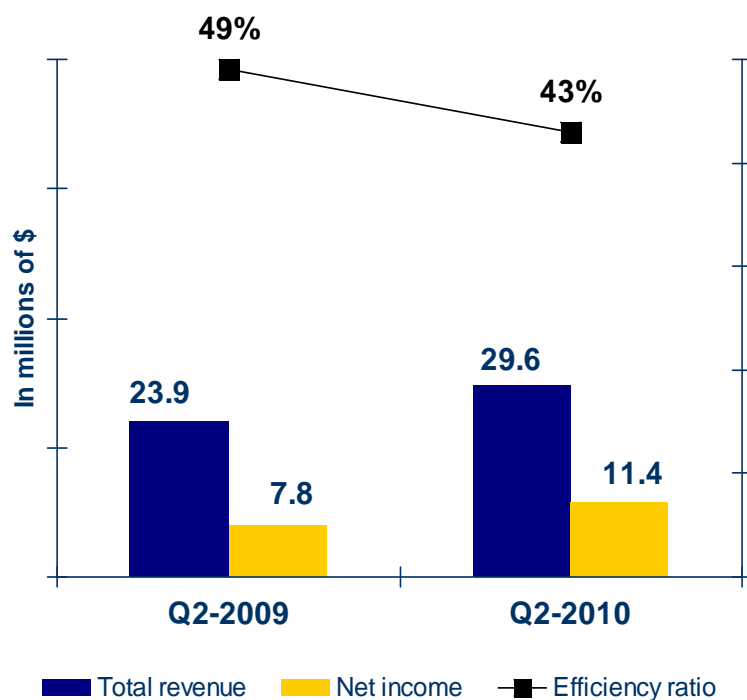


## Q2-2010 versus Q2-2009

- Total revenue: + 38% (+ \$8.0 M)
- Net income: + 80% (+ \$6.1 M)

## Main drivers

- Average loans: + 21% (+ \$456 M to \$2,618 M)
- Average deposits: + 96% (+ \$247 M to \$504 M)
- Higher net interest income due to loan growth and repricing measures
- Slightly higher loan losses (\$4.0 M versus \$3.2 M)
- Lower non-interest expenses (\$5.6 M versus \$6.9 M)

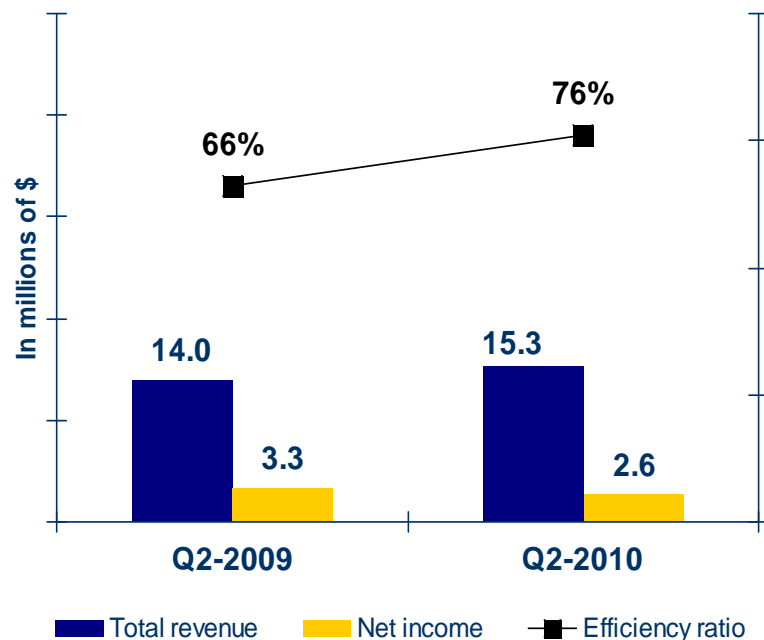


### Q2-2010 versus Q2-2009

- Total revenue: + 24% (+ \$5.7 M)
- Net income: + 45% (+ \$3.5 M)

### Main drivers

- Average loans: + 17% (+ \$724 M to \$4,918 M)
- Average deposits: + 18% (+ \$1,444 M to \$9,254 M)
- Higher net interest income due to volume growth and improved margins
- Lower loan losses (\$0.5 M versus \$0.7 M)
- Slightly higher non-interest expenses due to increased salaries and benefits
- Strong positive operating leverage

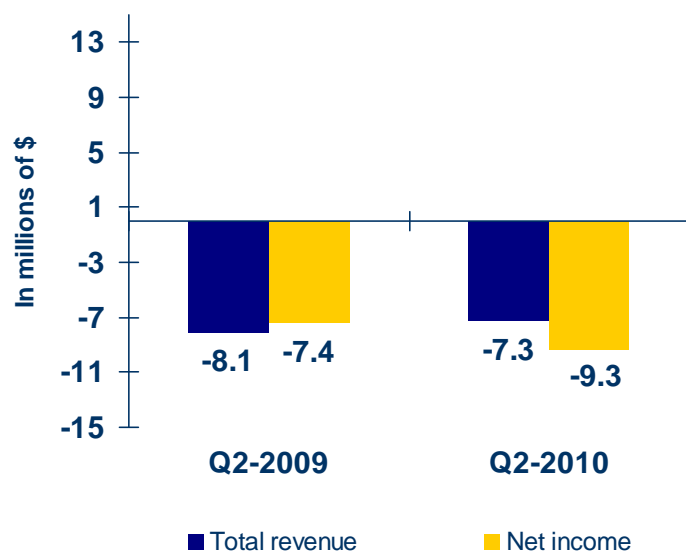


## Q2-2010 versus Q2-2009

- Total revenue: + 9% (+ \$1.3 M)
- Net income: - 23 % (- \$0.8 M)

## Main drivers

- Continued strong performance of the Institutional Fixed Income division
- Higher non-interest expenses due to higher variable compensation costs (\$11.7 M versus \$9.2 M)



### Q2-2010 versus Q2-2009

- Total revenue: - \$7.3 M
- Net income: - \$9.3 M

### Main drivers

- Net interest income improved as Q2-2009 was particularly affected by higher funding costs and lower margins on liquid assets
- Lower income from securitization and other treasury and financial market operations



**We have not only delivered great performance...**

**But we also possess great potential** owing to:

- Our prudent approach to risk management, liquidity and capital
- Our effective business model
- Our unrelenting focus on our strategic priorities
- Our dynamic growth engines

## Q2-2010 CONFERENCE CALL ATTENDANCE

- **Réjean Robitaille**, President and Chief Executive Officer
- **Michel C. Lauzon**, Executive Vice-President and Chief Financial Officer
- **Luc Bernard**, Executive Vice-President, Retail Financial Services and SME
- **François Desjardins**, Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Trust
- **Lorraine Pilon**, Executive Vice-President, Corporate Affairs and Secretary
- **Michel C. Trudeau**, Senior Vice-President, Capital Markets of the Bank, and President and Chief Executive Officer of Laurentian Bank Securities
- **Louis Marquis**, Senior Vice-President, Credit
- **Marc Paradis**, Senior Vice-President, Strategic Planning and Control
- **Pierre Minville**, Senior Vice-President, Integrated Risk Management, Mergers and Acquisitions
- **André Lopresti**, Vice-President and Chief Accountant
- **Gladys Caron**, Vice-President, Public Affairs, Communications and Investor Relations



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# APPENDICES

- **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 200 points of service** across Canada, including **156 retail branches** and **407 ABMs**
- **\$23,1 Billion of assets** on balance sheet as of April 30, 2010
- **Main markets:** Province of Québec with significant activities elsewhere in Canada (40% of total loans come from outside of Québec)
- **More than 3,600 employees**
- **Founded in 1846**



# 4 BUSINESS SEGMENTS

For the 6 months ended April 30, 2010

## Retail & SME Quebec

**% of total revenue 61%**  
**% of net income 30%**

- Personal Banking: Transactional, financing and investment products and services
- Small and Medium-Sized Enterprises: Financing solutions and services such as exchange transactions, electronic banking and processing of international transactions
- Approximately 2,000 employees
- 156 retail branches in Quebec
- 19 commercial offices in Quebec

- **TOTAL ASSETS: \$13.0 B**
- \$8.1 billion in residential mortgage loans
- \$0.5 billion in lines of credit
- \$0.8 billion in average commercial loans - SME Québec
- **TOTAL DEPOSITS: \$8.7 B**

## Real Estate & Commercial

**15%**  
**35%**

- Real estate financing throughout Canada
- Commercial financing in Ontario
- Commercial financing in Québec
- Approximately 150 employees
- 11 offices in Ontario, Western Canada and Quebec

- **TOTAL ASSETS: \$2.7 B**
- \$0.7 billion in commercial loans
- \$1.4 billion in commercial mortgage loans
- **TOTAL DEPOSITS: \$0.5 B**

## B2B Trust

**16%**  
**29%**

- Financial products and services offering
- Distributed through a network of more than 15,000 independent financial advisors for distribution to their clients throughout Canada
- Approximately 350 employees
- Sales offices in Montréal, Calgary, Halifax and Vancouver

- **TOTAL ASSETS: \$7.6 B**
- \$3.0 billion in investment and RRSP loans
- \$2.0 billion in brokered mortgages
- **TOTAL DEPOSITS: \$9.4 B**
- **ASSETS UNDER ADMINISTRATION: \$ 4.0 B**

## LB Securities & Capital Markets

**8%**  
**6%**

- Complete range brokerage services offered through a network of 15 offices in Quebec and Ontario
- Institutional – Fixed Income
- Institutional – Equity
- Retail Brokerage Services
- Business Services
- Bank-related capital market activities
- Approximately 225 employees
- 15 offices in Quebec and Ontario

- **ASSETS UNDER ADMINISTRATION: \$2.2 B**



## 1. Solid financial situation

- Strong balance sheet and capital ratios
- High level of liquidity

## 2. Low risk profile

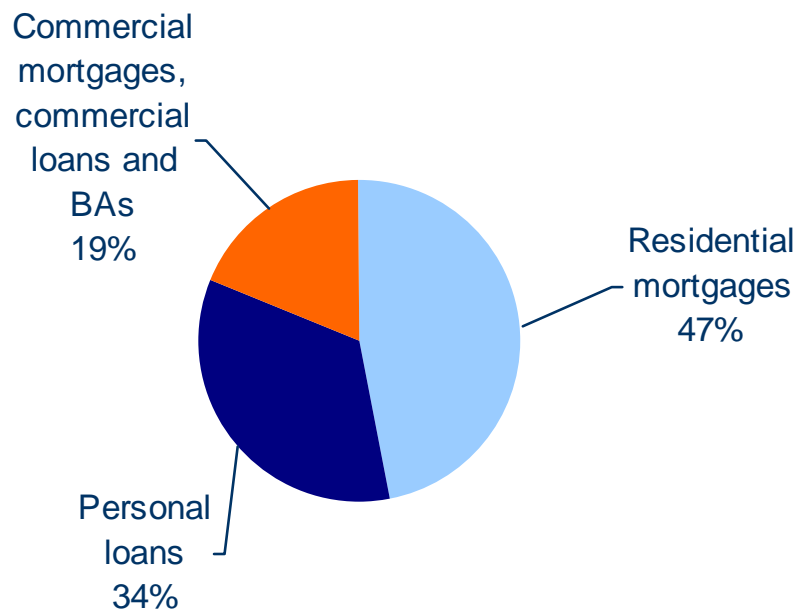
- Predominantly retail loan book and deposit base
- High proportion of insured mortgages
- Diversified activities across Canada

## 3. Efficient management approach

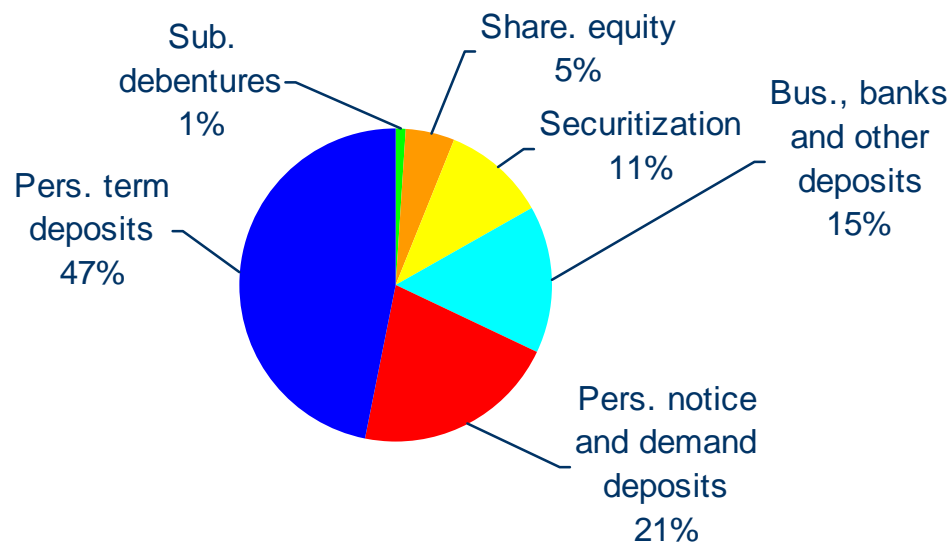
- Strong and distinctive market positioning
- Focus on growth engines
- All decisions and actions guided by our 3 priorities: profitability, efficiency, human capital



## Loan portfolios (April 30, 2010)



## Funding sources to support lending activities (April 30, 2010)





LAURENTIAN  
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## MANAGEMENT COMMITTEE

### **Réjean Robitaille**

**President and Chief Executive Officer**  
President of Laurentian Bank since 2006  
With Laurentian Bank since 1988

### **Luc Bernard**

**Executive Vice-President**  
**Retail Financial Services and SME**  
With Laurentian Bank since 2001

### **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 Trust**  
With Laurentian Bank since 1991

### **Lorraine Pilon**

**Executive Vice-President**  
**Corporate Affairs and Secretary**  
With Laurentian Bank since 1990





**LAURENTIAN  
BANK**

## **BOARD MEMBERS**

**L. Denis Desautels O.C., FCA (2001)**

Chairman of the Board  
Laurentian Bank of Canada  
Chartered Accountant and  
Corporate Director

**Lise Bastarache (2006)**

Economist and Corporate Director

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

Counsel  
Fraser Milner Casgrain LLP

**Richard Bélanger (2003)**

President  
Toryvel Group Inc.

**Ève-Lyne Biron (2003)**

President and General Manager  
Laboratoire Médical Biron inc.

**Isabelle Courville (2007)**

President  
Hydro-Québec TransÉnergie

**Pierre Genest (2006)**

Chairman of the Board  
SSQ, Life Insurance Company Inc.

**Michel Labonté (2009)**

Corporate Director

**Carmand Normand (2004)**

Chairman of the Board  
Addenda Capital Inc.

**Jacqueline C. Orange (2008)**

Corporate Director

**Marie-France Poulin (2009)**

Vice-President  
Camanda Group

**Réjean Robitaille (2006)**

President and Chief Executive Officer  
Laurentian Bank of Canada

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

Chairman of the Board  
Canderel Management Inc.