

# Third Quarter Results 2007 Conference call

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

Analysts and Institutional Investors  
September 6, 2007



## 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, should, could or would*.

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.

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.

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, excluding special 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.

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## 2007 Third Quarter Overview

### Results

- EPS of \$0.85
- ROE of 10.5%
- Strong increase in loans and deposits versus Q3 2006
- Asset and revenue growth in all of our business lines versus Q3 2006
- All 2007 objectives have been met or exceeded



Symbol: LB, TSX

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## 9-Month Performance and 2007 Objectives

Performance Measure	9-Month Period Ended July 31, 2006 Actual	2007 Objectives	9-Month Period Ended July 31, 2007 Actual
Return on Equity	7.3%	8% to 9%	<b>9.9%</b>
Diluted Net Income per Share	\$1.64	\$2.55 to \$2.85	<b>\$2.34</b>
Total Revenue	\$402.7M	\$550M to \$560M	<b>\$438.3M</b>
Efficiency Ratio	76.0%	75% to 73.5%	<b>73.4%</b>
Tier 1 Capital Ratio	10.3%	Minimum of 9.5%	<b>9.7%</b>
Credit Quality (PCL Ratio) <sup>1</sup>	0.24%	0.24% to 0.21%	<b>0.24%</b>

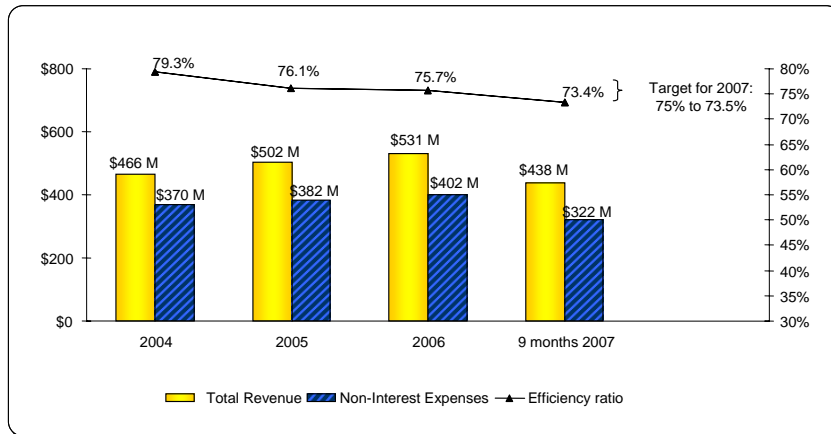
(1) PCL ratio is calculated over Average Assets



Symbol: LB, TSX

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## Efficiency Ratio

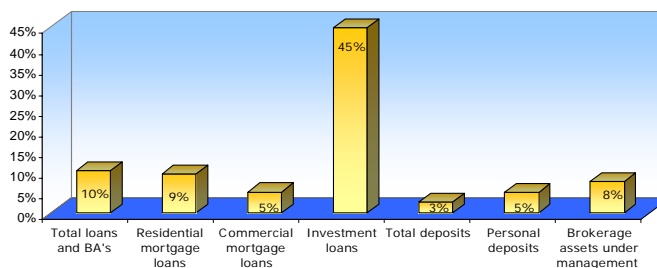


Symbol: LB, TSX

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## Main Portfolio - Growth

### Q3 2007 growth over Q3 2006 (Consolidated)



### Segmented

#### Retail Financial Services

Total loans: +7% (+\$570M)

#### Commercial Financial Services

Total loans: +10% (+\$211M)

Real estate financing: +18% (+\$188M)

#### B2B Trust

Investment loans: +45% (+\$625M)

Deposit broker business: +8% (+\$410M)

#### Laurentian Bank Securities

Brokerage assets under administration: +8% (+\$142M)



Symbol: LB, TSX

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## Highlights – Q3 2007

In millions of \$ except per share amounts	Q3 2007	Q2 2007	Q3 2006	Variation	
				Q3 07 vs Q3 06	Q3 07 vs Q2 07
Net Interest Income	101.8	95.5	91.5	11%	7%
Other Income	49.3	50.2	46.5	6%	-2%
<b>Total Revenue</b>	<b>151.0</b>	<b>145.7</b>	<b>138.0</b>	<b>9%</b>	<b>4%</b>
Provisions for credit losses	10.0	10.0	10.0	0%	0%
Non-Interest Expenses	108.4	109.0	103.2	5%	-1%
Income Taxes	9.5	6.1	18.6	-49%	56%
<b>Net Income</b>	<b>23.2</b>	<b>20.7</b>	<b>6.2</b>	<b>277%</b>	<b>12%</b>
Net Income available to common shareholders	20.2	17.7	3.2	537%	14%
<b>GAAP</b>					
<b>EPS (diluted)</b>	<b>\$0.85</b>	<b>\$0.75</b>	<b>\$0.13</b>	<b>554%</b>	<b>13%</b>
Return on Equity	10.5%	9.7%	1.7%		
<b>Special elements</b>					
Tax adjustments *	-	1.6	-11.0		
<b>Excluding tax items</b>					
<b>Net income</b>	<b>23.2</b>	<b>19.1</b>	<b>17.2</b>	<b>35%</b>	<b>21%</b>
<b>EPS (diluted)</b>	<b>\$0.85</b>	<b>\$0.68</b>	<b>\$0.60</b>	<b>42%</b>	<b>25%</b>
Return on Equity	10.5%	8.8%	7.7%		

\*Q2 2007 results included 2 special items: 1) \$0.8 million related to last year repatriation of capital from foreign credit insurance operations 2) \$0.7 million related to the lower tax rate on the \$4.4 million gain on the sale of Montréal Stock exchange shares during the quarter.  
\*Q3 2006 results included tax charge of \$11 million or \$0.47 per share related to the Federal budget and resulting from the revaluation of future tax assets.



Symbol: LB, TSX

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## Stronger and Less Volatile Earnings

### Q3 2007 versus Q3 2006

- Net interest margin improvement
- Other income increasing even with less securitization income
- Loan and deposit growth
- Higher operating leverage
- Stable loan losses
- Lower effective tax rate

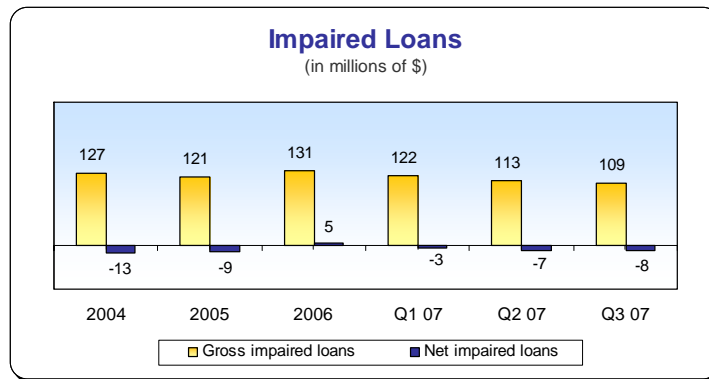


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## Credit Quality

### Evolution of gross and net impaired loans

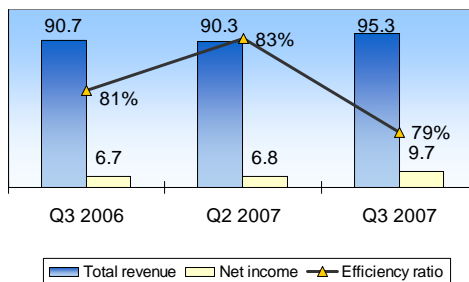


Symbol: LB, TSX

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## Retail Financial Services

In millions of \$



### Q3 2007 versus Q3 2006

- Total revenue growth of 5%
- Net income growth of 45%

### Main drivers

- Average loan growth: +6% (+\$507M)
- Average deposit growth: +6% (+\$422M)
- Higher income from sales of mutual funds
- Additional income from fees on deposits
- Higher income for Visa credit cards
- Lower provision for credit losses
- Lower income tax rate

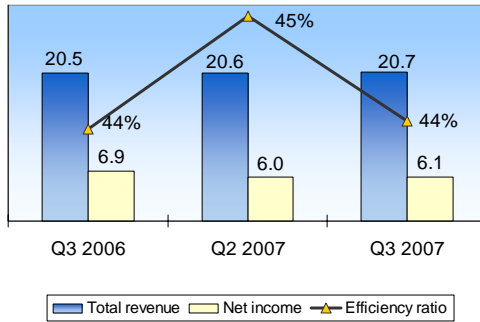


Symbol: LB, TSX

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## Commercial Financial Services

In millions of \$



### Q3 2007 versus Q3 2006

- Total revenue growth of 1%
- Net income decreased by \$0.8M due to higher provision for credit losses

### Main drivers

- Average loan growth: +8% (+\$166M)
- Average deposit growth: +27% (\$26M)
- Lower income taxes

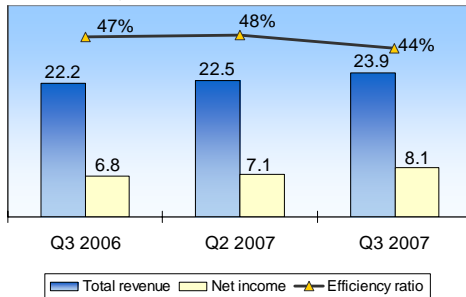


Symbol: LB, TSX

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## B2B Trust

In millions of \$



### Q3 2007 versus Q3 2006

- Total revenue growth of 8%
- Net income growth of 20%

### Main drivers

- Investment loans growth: +45% (+\$625M)
- Average loan growth: +16% (+443M)
- Average deposit growth: +5% (+\$269M)
- Lower provision for credit losses
- Stable non-interest expenses

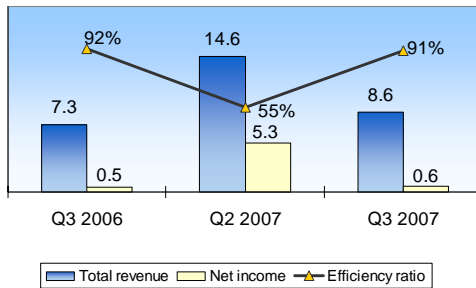


Symbol: LB, TSX

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## Laurentian Bank Securities

In millions of \$



### Q3 2007 versus Q3 2006

- Total revenue growth of 17% due to business development activities
- Net income increased by \$0.1M

### Main driver

- AUA growth: +8% (+\$142M)

**Q2 2007 results** included a pre-tax gain of \$4.4M on sale of a portion of the Montréal Exchange shares

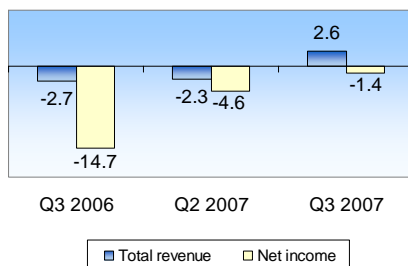


Symbol: LB, TSX

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## Other

In millions of \$



### Q3 2007 versus Q3 2006

- Total revenue improved by \$5.3M
- Strong improvement in net interest income
- Improvement in treasury and financial market operations
- Last year, net income was impacted by a tax charge of \$11M related to the Federal budget and resulting from the revaluation of future tax assets



Symbol: LB, TSX

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## Growth Initiatives

- Very successful results from the promotional campaign on investment loans under \$ 50,000 launched by B2B Trust in May
- Expansion of our sales force
- New products launched for small and medium enterprises (SMEs):
  - Business Visa cards with unique features
  - Banking packages for SMEs with high transaction levels
- Continuation of initiatives to increase efficiency
- Initiatives to reduce the time devoted by branch personnel and the SME sector to administrative tasks
- Optimization of certain processes to free up business development time for commercial account managers
- Review of processes for the retail division of Laurentian Bank Securities to optimize tasks



Symbol: LB, TSX

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## Conclusion

### **Maintain our 3 priorities**

- To increase profitability
- To improve efficiency
- To further develop our human capital

### **Strong third quarter 2007**

- Stronger total revenue from core high-quality sources of revenue
- More efficiency at many levels
- Operating leverage is improving
- Maintaining credit quality



Symbol: LB, TSX

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# Appendices



## 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 July 31, 2007)
  - Balance sheet: \$18.0 billion
  - Assets under administration: \$15.3 billion
- Main markets: Province of Quebec (Canada) with significant activities elsewhere in Canada (38% of total loans outside of Quebec as at October 31, 2006)
- 158 retail branches
- 3,400 employees
- Founded in 1846



Symbol: LB, TSX

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## Laurentian Bank's Strengths

### Conservative financial position

- Strong balance sheet and capital ratios
- Strong proportion of insured mortgages
- Limited capital market exposure compared to peer group
- Large proportions of personal loans secured

### Strategic focus and flexibility

- Selective regional positioning
- Specific market segments outside Quebec
- Experienced management team and committed employees
- Quality and efficiency of our products and services



Symbol: LB, TSX

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## A Clear Geographical and Business Focus

### Laurentian Bank's vision:

- To become the undisputed #3 banking institution in Quebec and a performing player in specific market segments elsewhere in Canada

### Positioning in Quebec

- With 158 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
- The strategy is to become the undisputed #3 in this province

### Positioning elsewhere in Canada

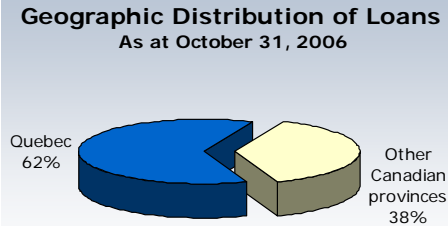
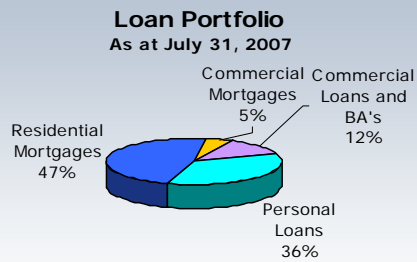
- Target specific niches where LBC has distinctive advantages, that is:
  - B2B Trust
  - Commercial Financial Services
  - Indirect points-of-sale network
  - Laurentian Bank Securities
  - Mortgages and Deposits through brokers



Symbol: LB, TSX

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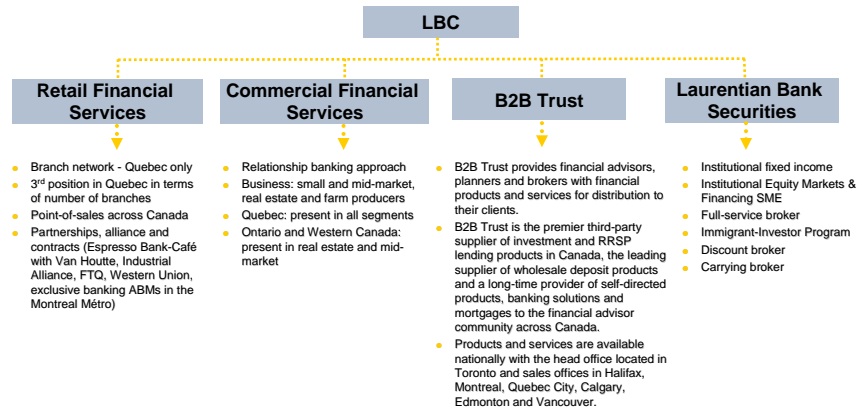
## Diversification of Loan Portfolio



Symbol: LB, TSX

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## Four Business Lines



Symbol: LB, TSX

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## Strong Capital Ratios

As of July 31, 2007	Tier 1 Capital Ratio	
	in %	Rank
TD	10.2%	1 <sup>st</sup>
<b>LBC</b>	<b>9.7%</b>	<b>2<sup>nd</sup></b>
Scotia	9.7%	2 <sup>nd</sup>
CIBC	9.7%	2 <sup>nd</sup>
NBC	9.4%	3 <sup>rd</sup>
BMO	9.3%	4 <sup>th</sup>
RBC	9.3%	4 <sup>th</sup>
<b>Aver. Big 6</b>	<b>9.6%</b>	

As of July 31, 2007	Total Capital Ratio	
	in %	Rank
CIBC	13.7%	1 <sup>st</sup>
NBC	13.4%	2 <sup>nd</sup>
TD	13.3%	3 <sup>rd</sup>
<b>LBC</b>	<b>11.6%</b>	<b>4<sup>th</sup></b>
RBC	11.4%	5 <sup>th</sup>
BMO	11.2%	6 <sup>th</sup>
Scotia	10.6%	7 <sup>th</sup>
<b>Aver. Big 6</b>	<b>12.3%</b>	

As of July 31, 2007	Tangible Common Equity as a % of RWA	
	in %	Rank
Scotia	7.7%	1 <sup>st</sup>
NBC	7.4%	2 <sup>nd</sup>
<b>LBC</b>	<b>7.3%</b>	<b>3<sup>rd</sup></b>
BMO	7.2%	4 <sup>th</sup>
TD	7.1%	5 <sup>th</sup>
CIBC	6.9%	6 <sup>th</sup>
RBC	6.7%	7 <sup>th</sup>
<b>Aver. Big 6</b>	<b>7.2%</b>	



Symbol: LB, TSX

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## Retail Financial Services

### Priorities

- Acquire new customers: Optimization of the Branch and ABM Network
- Improve product and service offering (e.g. wealth management solutions)
- Capitalize on human resources: Increase investments in training and development of our people
- Increase sales in high margin products
- Cross-selling and maximizing synergies among the business lines
- Increase the share of wallet of our customers

### Portfolios

- \$5.8 billion in residential mortgages loans
- \$0.5 billion in lines of credit
- \$6.0 billion in personal deposits



Symbol: LB, TSX

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## Commercial Financial Services

### Priorities

- Focus on relationship approach
- Improve product and service offering (e.g. MaxAffaires Dashboard, new platform for small loans)
- Continue to grow the small-and medium-sized business sector, as well as agriculture, through loan development activities
- Capitalize on our human resources (training, sales culture)
- Distribution network development and more marketing campaigns
- Commercial securitization program

### Portfolios

- \$1.2 billion in commercial loans
- \$0.6 billion in commercial mortgages loans
- \$0.1 billion in business deposits



Symbol: LB, TSX

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## B2B Trust

### Priorities

- Achieve all financial objectives without affecting future capacity or service
  - Increase sales by cultivating organic growth within highest profit categories
  - Expand 5 core distribution channels: mutual fund industry, insurance industry, investment industry, mortgage brokerage and deposit brokerage
- Achieve a focused, defensible and profitable business model
  - Focus solely on financial intermediaries
- Build a stable, efficient and flexible growth oriented operation
  - Review markets, relationship and/or products on a priority basis
  - Evaluate new market opportunities
  - Strengthen organizational foundation

### Portfolios

- \$5.3 billion in brokered deposits
- \$2.1 billion in investment and RRSP loans
- \$1.2 billion in mortgages
- \$5.2 billion in assets under administration



Symbol: LB, TSX

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## Laurentian Bank Securities

### Priorities

- Increase client base through referral within the Bank's branch network
- Pursue the development of institutional brokerage activities – fixed income
- Pursue consolidation of network and team
- Develop institutional services in equity markets and financing of SME
- Foster the growth of the distribution network to reach sufficient critical mass
- Maximize synergies among the business lines
- Expand the discount brokerage client base using the established transactional platform that complements the retail investment products offering

### Portfolios

- Total assets under management of \$2.0 billion for full service brokerage and discount brokerage



Symbol: LB, TSX

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## 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 Financial Services and SME's**

✓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



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