

**4<sup>th</sup> Quarter 2011**  
**CONFERENCE CALL**

**Réjean Robitaille, President & CEO**

**Michel C. Lauzon, CFO**

**December 7, 2011 at 2:00 p.m.**

**1-866-696-5910, Code 1035375**

## 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.

Financial objectives for 2012 are based on expected results presented on an International Financial Reporting Standards (IFRS) basis. The completion of the IFRS conversion process in 2012 could lead to changes to these objectives.

The *pro forma* impact of Basel III on regulatory capital ratios is based on the Bank's interpretation of the proposed rules announced by the Basel Committee on Banking Supervision (BCBS) and related requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The *pro forma* impact of Basel III on regulatory capital ratios also includes the anticipated impact of IFRS conversion. The Basel rules and impact of IFRS conversion could be subject to further change, which may impact the results of the Bank's analysis.

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 Management's Discussion and Analysis section under title "Integrated Risk Management Framework" and the Bank's public filings available at [www.sedar.com](http://www.sedar.com).

With respect to the MRS Companies transactions, such factors also include, but are not limited to: the anticipated benefits from the transaction such as it being accretive to earnings and 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 Trust's or MRS Companies' customers to the transaction; 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 generally accepted accounting principles ("GAAP") and certain non-GAAP measures to assess its 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.

- **Profitability increased** year-over-year
- **Balance sheet growth continued** across all business lines; loan growth of 8% year-over-year
- **Other Income** rose reflecting diversified sources of revenue
- **Credit quality improved significantly**
- **Strategic acquisitions and investments made** to solidify our competitive position and foster growth
- **Dividend raised** by 7% sequentially or \$0.03 per share per quarter to \$0.45

# OVERVIEW of 2011 and 4<sup>th</sup> QUARTER

	Q4-2011	Q4-2010	Variance	2011	2010	Variance
<b>Net income</b>	\$28.6 M	\$32.5 M	-12%	\$127.5 M	\$122.9 M	4%
<b>Diluted EPS</b>	\$1.06	\$1.24	-15%	\$4.81	\$4.63	4%
<b>ROE</b>	9.4%	11.8%		11.0%	11.5%	
<b>ADJUSTED *</b>						
<b>Net income</b>	\$34.4 M	\$32.5 M	6%	\$133.3 M	\$122.9 M	8%
<b>Diluted EPS</b>	\$1.31	\$ 1.24	6%	\$5.05	\$4.63	9%
<b>ROE</b>	11.6%	11.8%		11.6%	11.5%	

\*Excluding Transaction and Integration Costs in Q4-2011

## 2011 HIGHLIGHTS

- Quarterly dividend again increased to \$0.45 per share from \$0.42
- Growth in other income from diversified sources
- Relatively stable margins throughout the year
- Continued loan and deposit growth
- Improvement in credit quality
- Lower provision for loan losses
- Strategic acquisition and mutual fund distribution agreement forged
- Ongoing investment in business development

In millions of dollars, except per share amounts

	<u>2011</u>	<u>2010</u>	<u>Variation</u> <u>2011 vs</u> <u>2010</u>
Net interest income	484.1	496.4	-2%
Other income	269.5	241.0	12%
<b>Total revenue</b>	<b>753.6</b>	<b>737.4</b>	2%
Provision for loan losses	47.0	68.0	-31%
Non-interest expenses	542.9	504.2	8%
Income taxes	36.2	42.3	-14%
<b>Net Income</b>	<b>127.5</b>	<b>122.9</b>	4%
One-time costs* (net of income taxes)	5.8	0.0	N/A
<b>Adjusted Net income</b>	<b>133.3</b>	<b>122.9</b>	8%
Preferred share dividends	12.4	12.1	3%
<b>Adjusted Net income available to common shareholders</b>	<b>120.9</b>	<b>110.8</b>	9%
*Transaction and Integration Costs			
<b>Diluted EPS</b>	<b>\$4.81</b>	<b>\$4.63</b>	4%
Return on common shareholders' equity	11.0%	11.5%	
Efficiency ratio	72.0%	68.4%	
<b>Adjusted Diluted EPS</b>	<b>\$5.05</b>	<b>\$4.63</b>	9%
Adjusted Return on common shareholders' equity	11.6%	11.5%	
Adjusted Efficiency ratio	71.0%	68.4%	

	<b>2011 OBJECTIVES</b>	<b>2011 RESULTS*</b>
<b>Return on common shareholders' equity</b>	11.0% to 13.0%	11.6%
<b>Diluted earnings per share</b>	\$4.80 to \$5.40	\$5.05
<b>Revenue growth</b>	> 5%	2%
<b>Efficiency ratio</b>	70% to 67%	71.0%

\*Excluding Transaction and Integration Costs in Q4-2011

# FINANCIAL HIGHLIGHTS

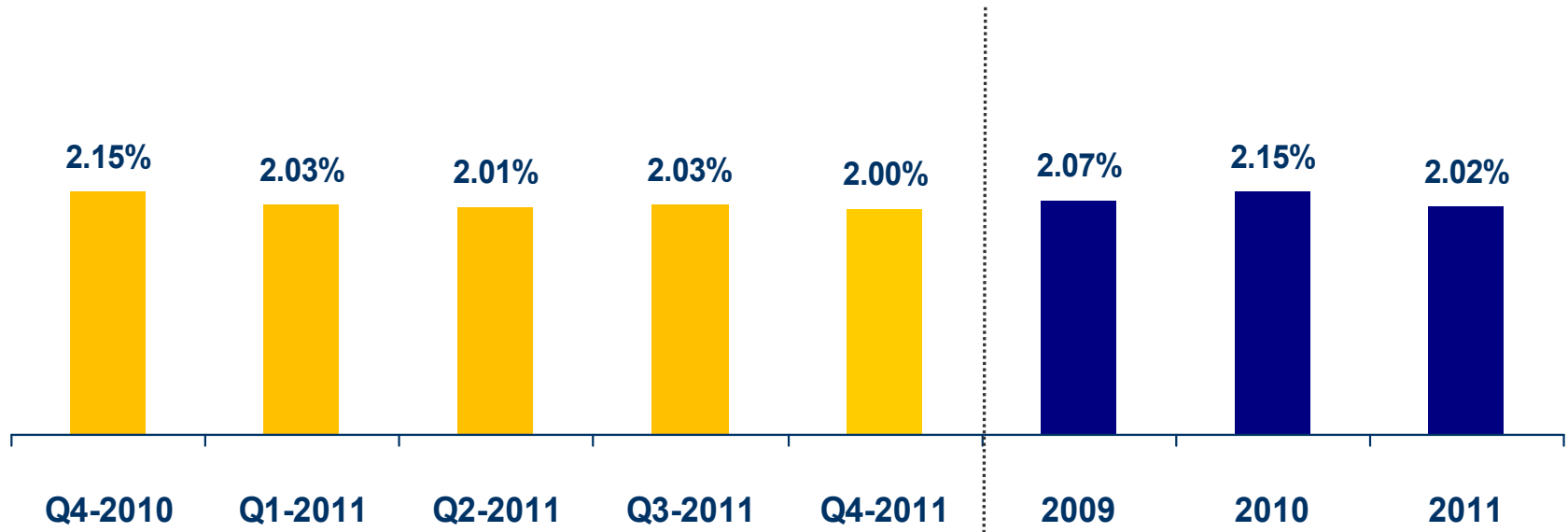
## Q4-2011 vs Q4-2010

In millions of dollars, except per share amounts

	<u>Q4-2011</u>	<u>Q4-2010</u>	<u>Variation</u> <u>Q4-2011 vs</u> <u>Q4-2010</u>
Net interest income	122.4	128.2	-5%
Other income	65.0	61.9	5%
<b>Total revenue</b>	<b>187.4</b>	<b>190.1</b>	-1%
Provision for loan losses	12.0	16.0	-25%
Non-interest expenses	140.3	132.5	6%
Income taxes	6.5	9.1	-28%
<b>Net Income</b>	<b>28.6</b>	<b>32.5</b>	-12%
One-time costs* (net of income taxes)	5.8	0.0	N/A
<b>Adjusted Net income</b>	<b>34.4</b>	<b>32.5</b>	6%
Preferred share dividends	3.1	2.9	7%
<b>Adjusted Net income available to common shareholders</b>	<b>31.3</b>	<b>29.6</b>	6%

\*Transaction and Integration Costs

<b>Diluted EPS</b>	<b>\$1.06</b>	<b>\$1.24</b>	-15%
Return on common shareholders' equity	9.4%	11.8%	
Efficiency ratio	74.9%	69.7%	
<b>Adjusted Diluted EPS</b>	<b>\$1.31</b>	<b>\$1.24</b>	6%
Adjusted Return on common shareholders' equity	11.6%	11.8%	
Adjusted Efficiency ratio	70.5%	69.7%	

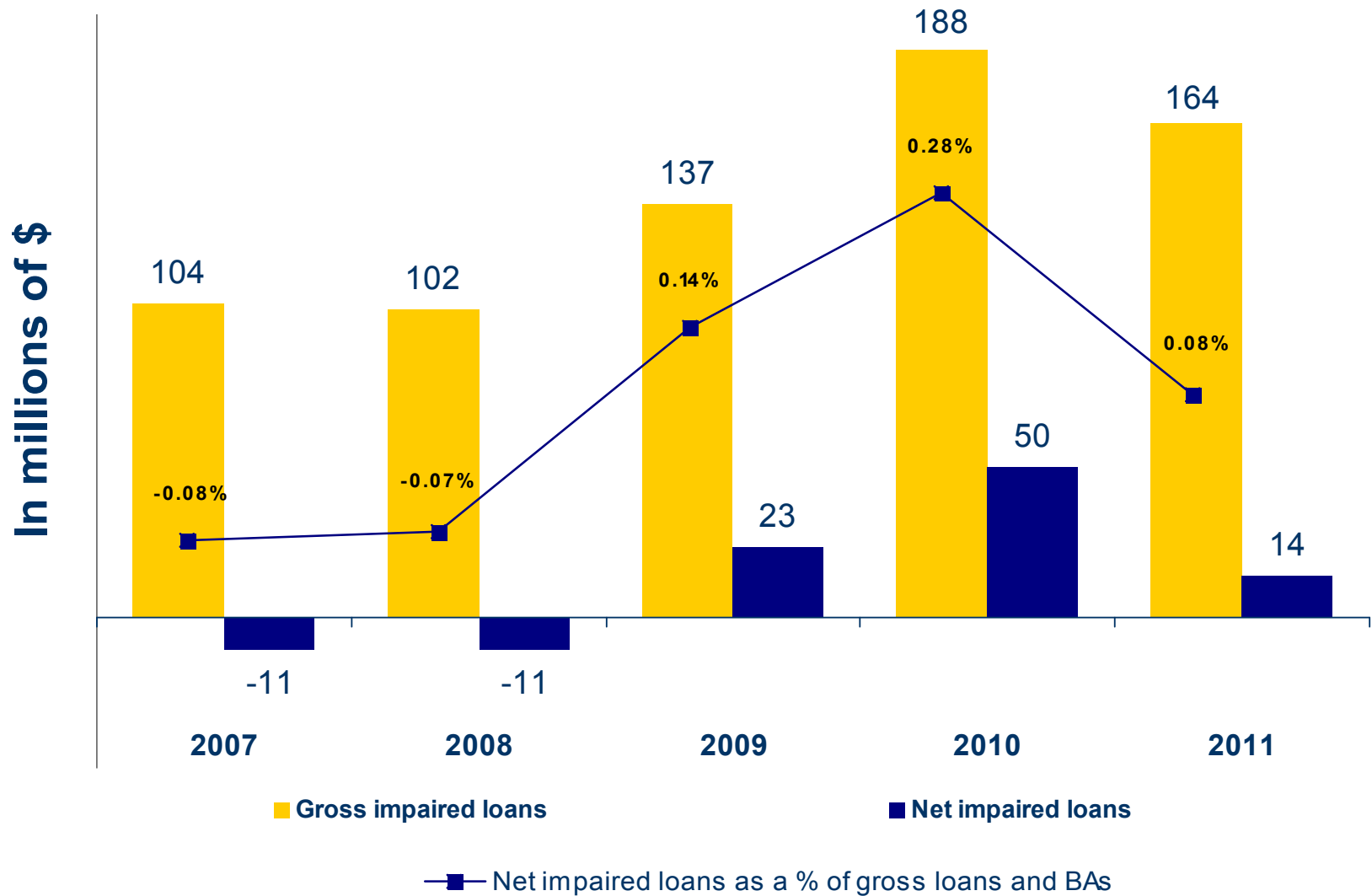




In thousands of \$ except percentage amounts	FOR THE THREE MONTHS ENDED			FOR THE YEAR ENDED	
	October 31, 2011	July 31, 2011	October 31, 2010	2011	2010
<b>Personal loans and Visa cards</b>	<b>5,688</b>	5,375	6,919	22,800	31,460
<b>Residential mortgage loans</b>	<b>1,202</b>	523	1,338	5,592	3,486
<b>Commercial mortgage loans</b>	<b>1,890</b>	-841	1,488	5,281	8,729
<b>Commercial loans and other</b>	<b>792</b>	5,019	6,255	12,975	24,325
<b>TOTAL</b>	<b>9,572</b>	10,076	16,000	46,648	68,000
<b>General allowance</b>	<b>2,428</b>	-2,076	-	352	-
<b>TOTAL – after general allowance</b>	<b>12,000</b>	8,000	16,000	47,000	68,000
<b>As a % of avg. loans and BAs</b>	<b>0.26</b>	0.18	0.36	0.26	0.40

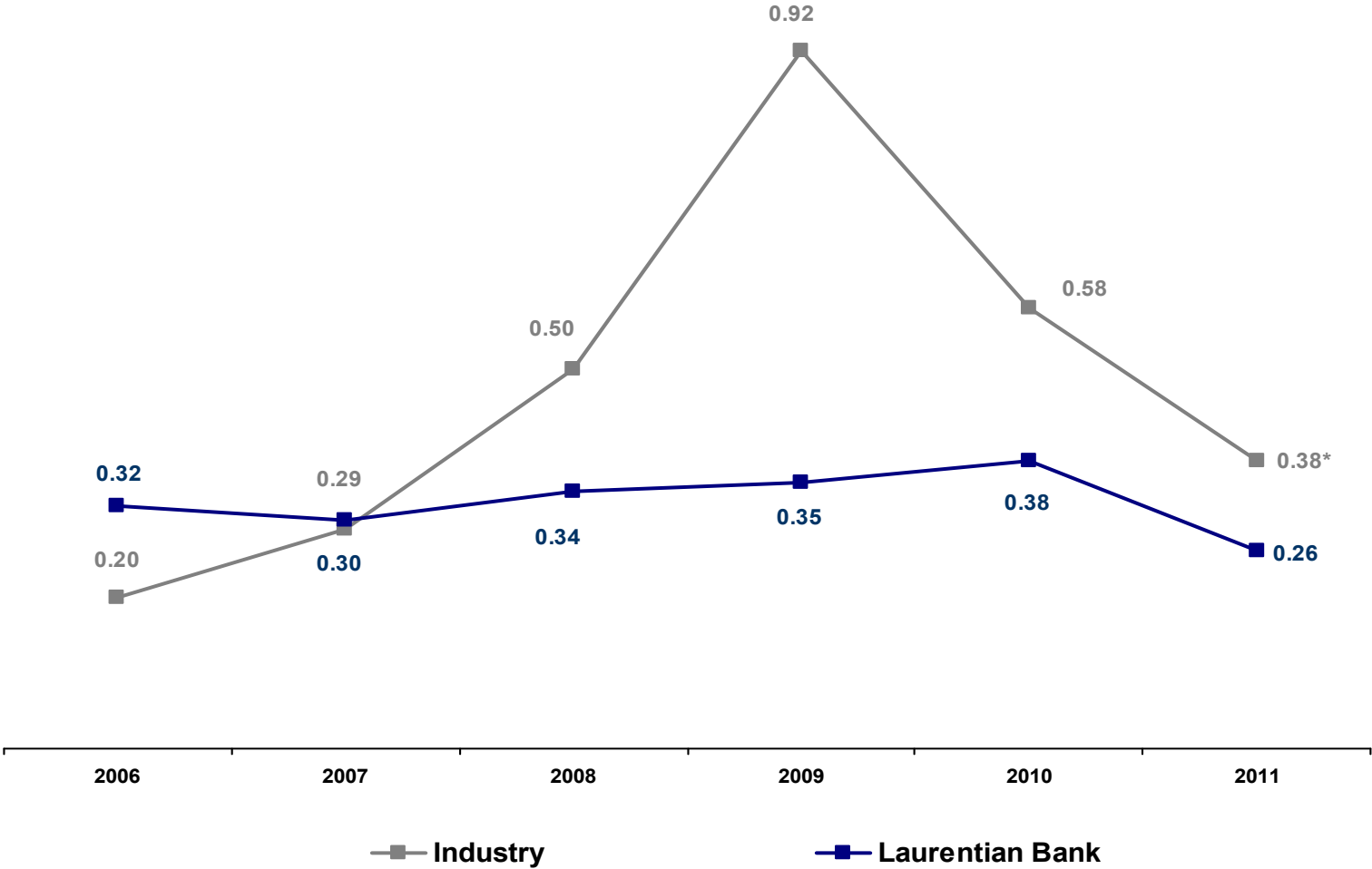


## Improvement in impaired loans

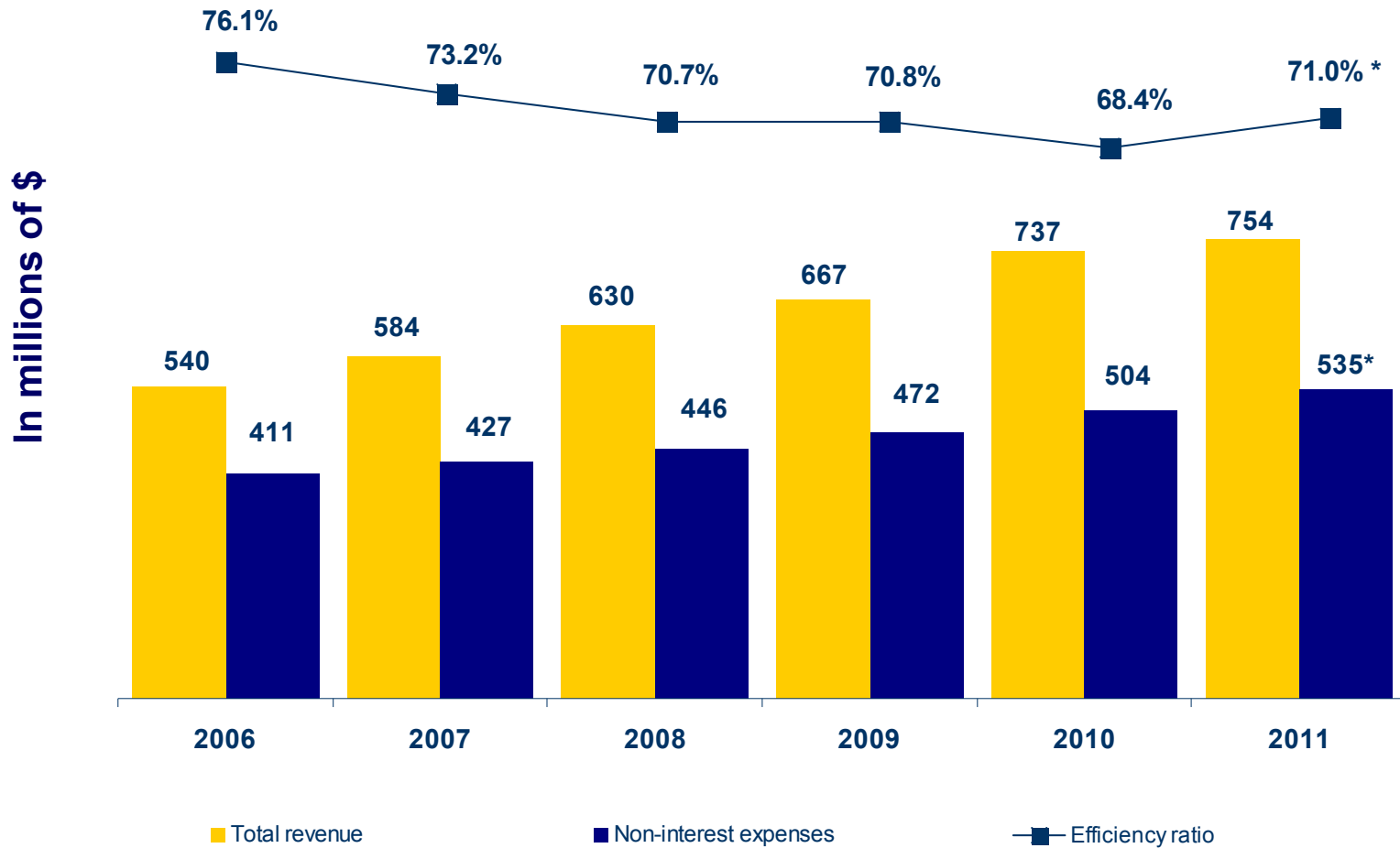


# STABLE AND LOW LOAN LOSSES

**Provision for loan losses as a % of loans and acceptances**



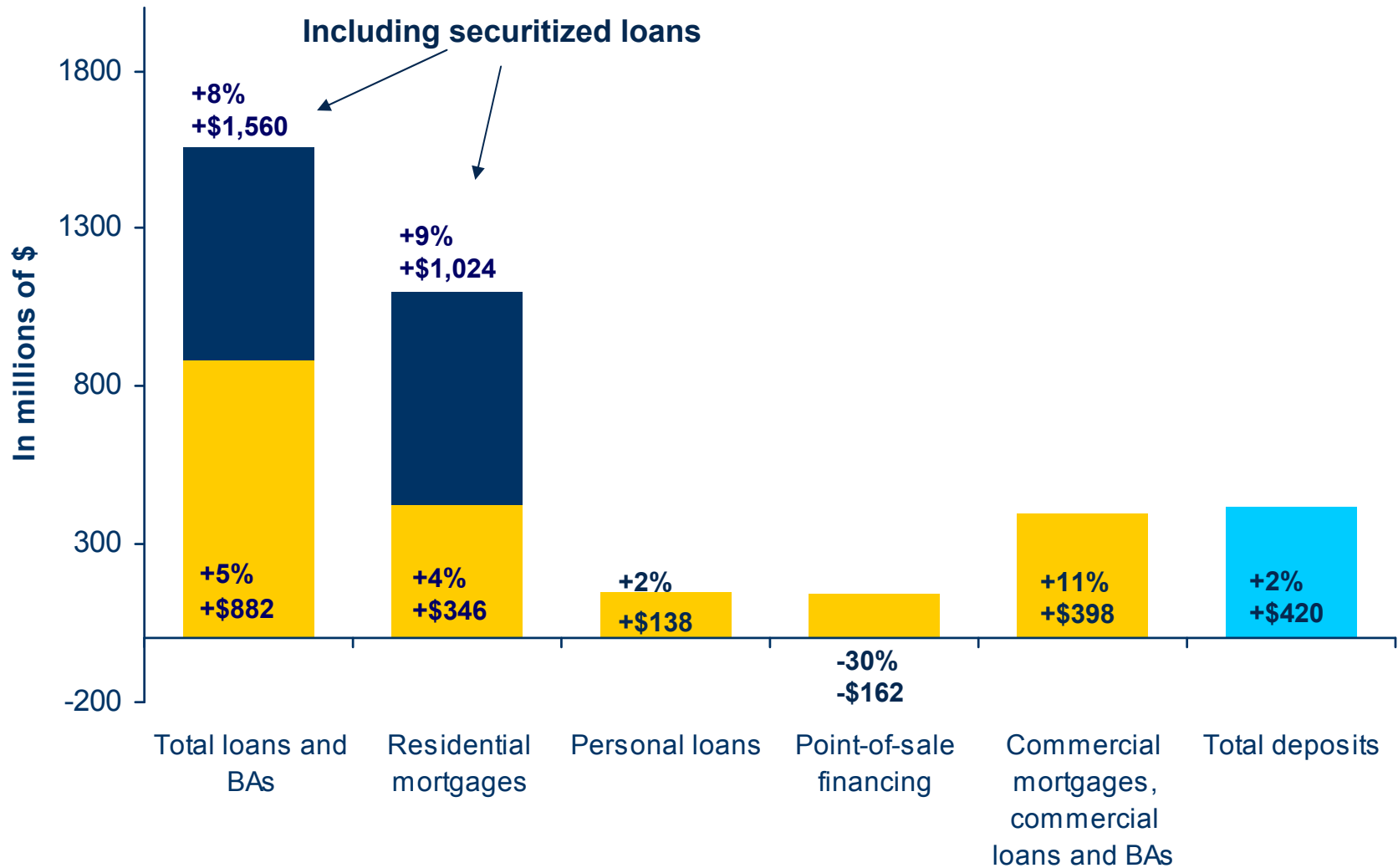
\* For 9 months 2011



\*Excluding Transaction and Integration Costs in Q4-2011



Year ended October 31, 2011





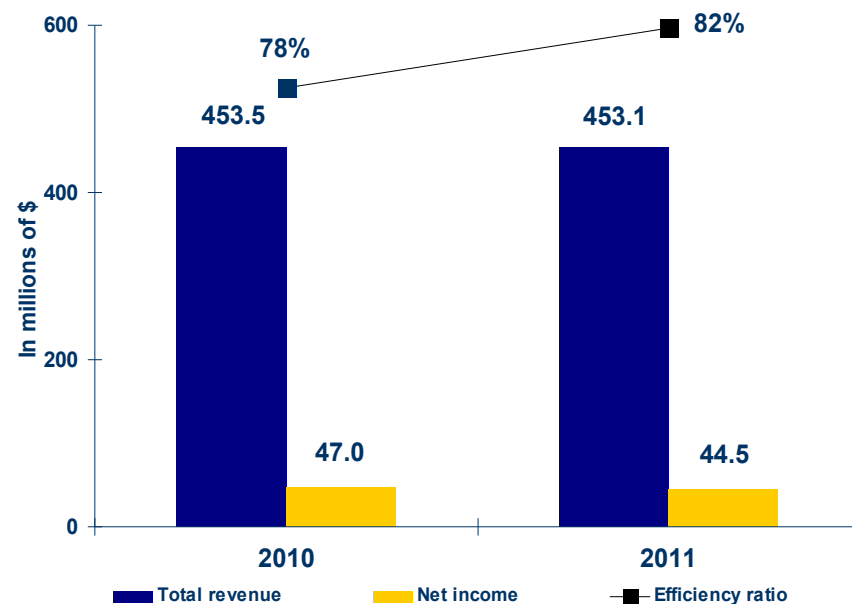
	Impact at transition	Impact going forward
<b>Securitization</b>	Gross-up of the balance sheet of \$3.5 B** Increase in Shareholders' equity of \$24 M	Higher assets and liabilities on balance sheet Higher net interest income Lower net interest margins and other income
<b>Employee benefits</b>	Reduction of retained earnings of \$95 M	Decrease in pension costs
<b>Loan loss provisioning</b>	Increase in retained earnings of \$1 M	N/A
<b>Business combination</b>	Decrease in goodwill of \$25 M (\$21 M net of income taxes)	N/A
<b>Impact on equity</b>	Decrease of \$103 M	None
<b>ROE</b>	N/A	Slightly higher
<b>EPS</b>	N/A	Neutral to slightly lower

\*November 1, 2010 opening balance sheet is published in 2011 MD&A and restated statement of income for 2011 under IFRS will be released in January 2012

\*\*\$2.7 B in mortgage loans and \$0.8 B in securities

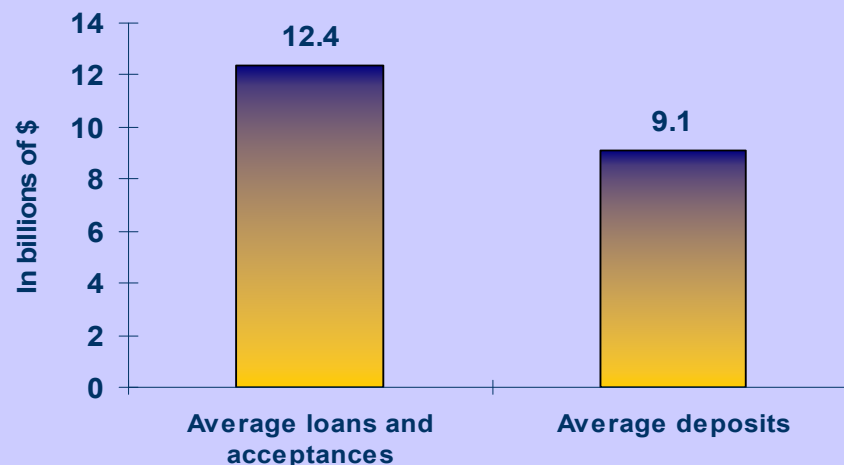
## 2011 Highlights

- Net income: down 5% YoY
- Other income growth reflecting increases in core revenues: 3% YoY
- Net interest income impacted by low interest rates and competitive loan and deposit pricing: -1% YoY
- Solid average loan and deposit growth: 6% and 7% YoY
- Non-interest expenses up due to higher salaries expense including higher pension costs: increase of \$18.6 M YoY
- Lower loan loss provision: \$26.2 M vs \$40.9 M



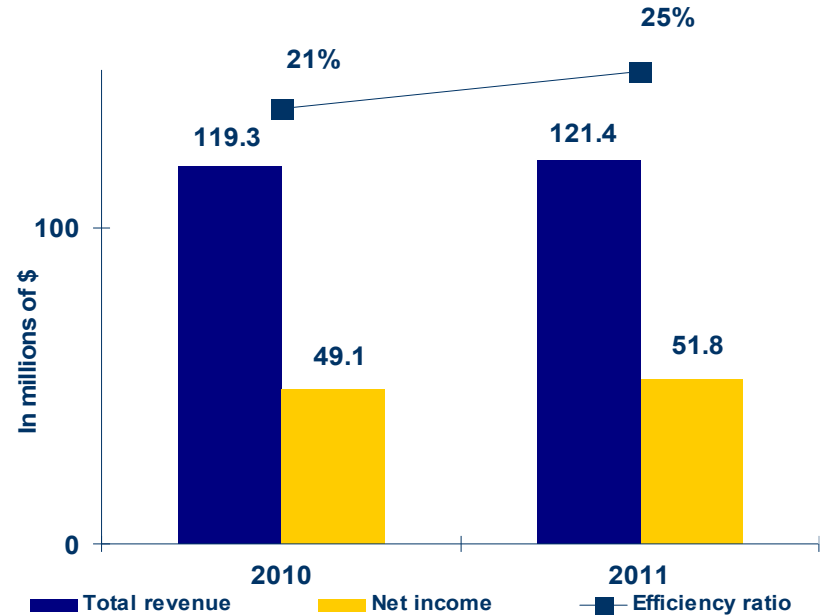
## Business Segment Profile

- Complete range of services and products to retail clients and SMEs
- 3<sup>rd</sup> largest branch network in Québec with 158 branches
- 427 ATMs
- 22 commercial banking centers



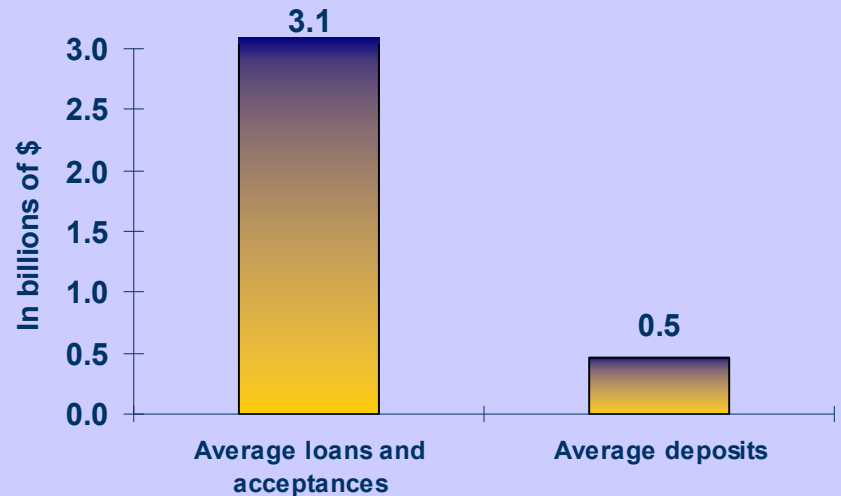
## 2011 Highlights

- Net income: up 5% YoY
- Net interest income: up 4% YoY
- Solid growth in loans and BAs: 9% YoY
- Non-interest expenses: up \$5.4 M YoY, due to higher salaries and pension costs
- Lower loan losses: \$18.7 M vs \$24.1 M in 2010



## Business Segment Profile

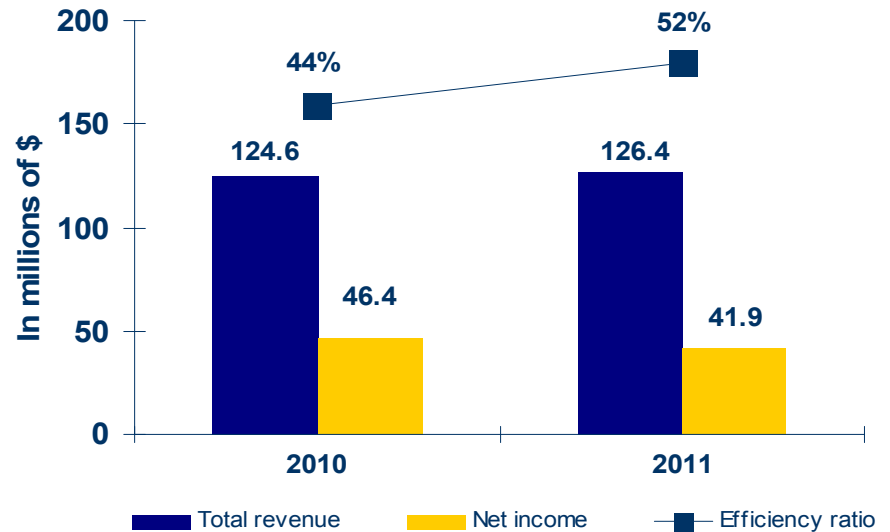
- Construction loans and term financing in major Canadian cities, mainly residential condo and housing projects, shopping centers and office buildings
- 8 real estate financing centers in Canada
- 4 commercial financing centers in Ontario and 2 in Québec





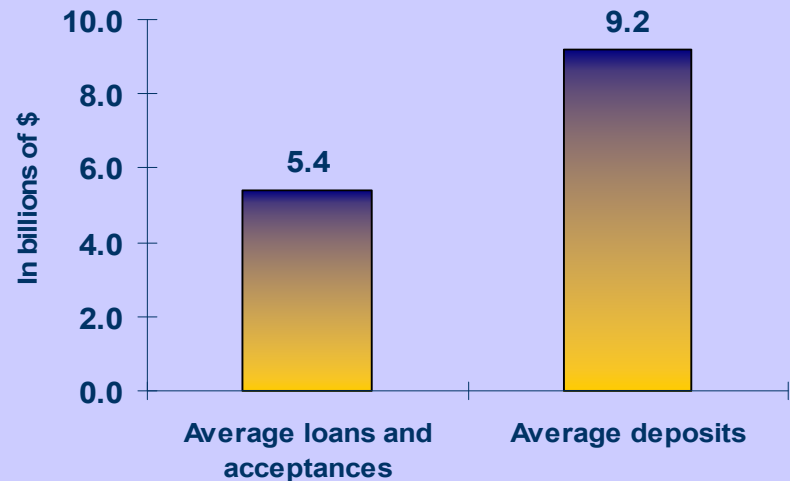
### 2011 Highlights

- Net income: -10% YoY
- Net interest income: 3% YoY due to higher margins on deposits and loan and deposit volume growth but lower loan margins
- Solid loan growth: 6% YoY
- Lower loan losses: \$1.8 M vs \$3.0 M in 2010
- Non-interest expenses up \$11.7M due to additional employees to support business development, higher rental costs and professional fees



### Business Segment Profile

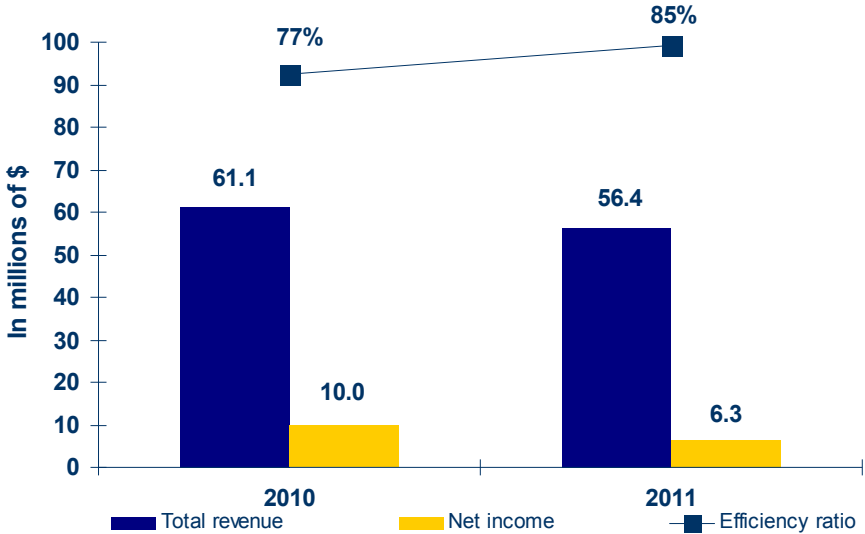
- Specializes exclusively in serving the financial advisors community (financial advisors, mortgage brokers, insurance agents)
- Offers banking products as a third-party, such as investment and RRSP loans, prime mortgages and deposits
- Offices in Toronto, Montreal, Calgary and Vancouver



# LAURENTIAN BANK SECURITIES & CAPITAL MARKETS

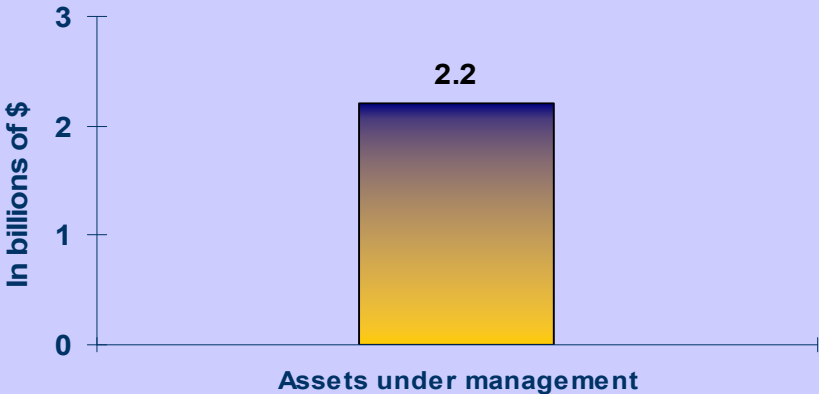
## 2011 Highlights

- Net income lower by \$3.7 M YoY
- Revenues lower by \$4.8 M YoY due to lower underwriting fees, trading income and retail brokerage income
- Non-interest expenses up \$1.0 M YoY due to growth in clientele and new advisors, offset by lower performance-based compensation



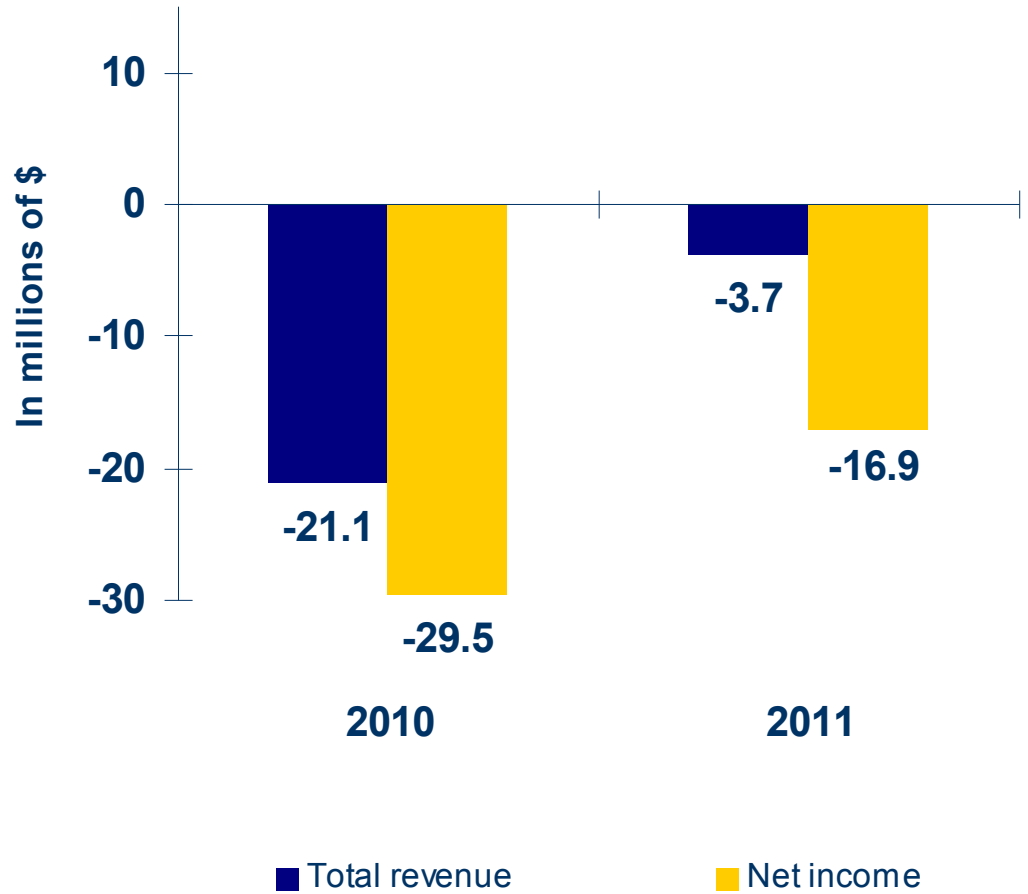
## Business Segment Profile

- Complete range of brokerage services offered to institutional and retail clients
- 15 retail brokerage offices in Québec and Ontario
- Well-recognized in the Canadian Institutional Fixed Income arena



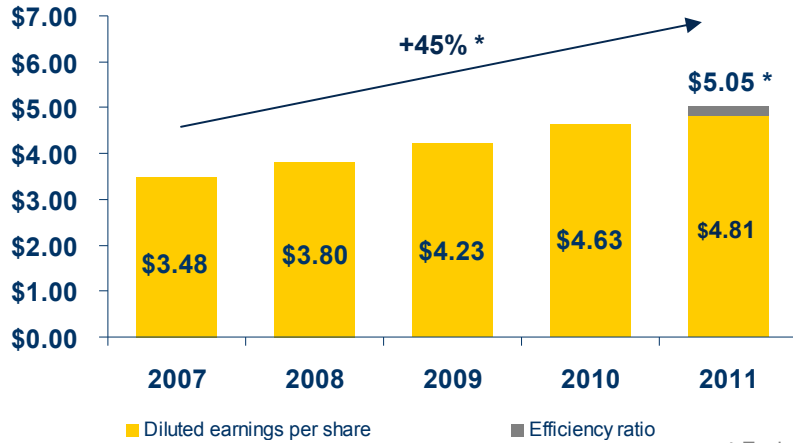
**2011 Highlights**

- Increase in other income due to the higher securitization of mortgage loans which more than offset lower net interest income owing to the lower level and yield on securities and increase in foregone net interest income related to securitized loans



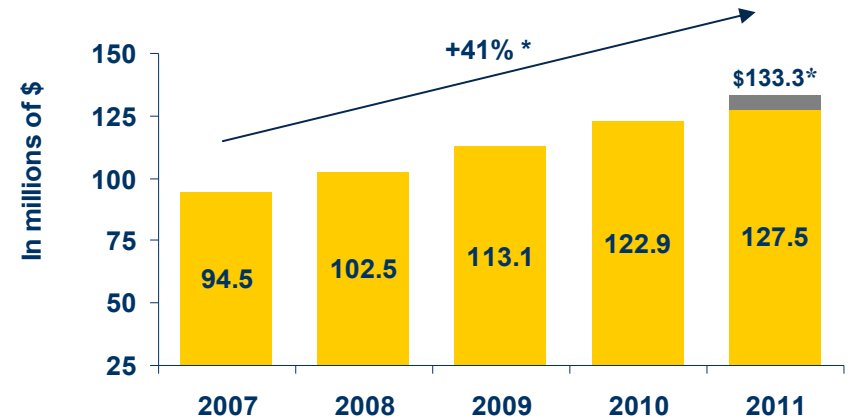
# SUSTAINED EARNINGS AND BALANCE SHEET GROWTH

## Earnings Per Share



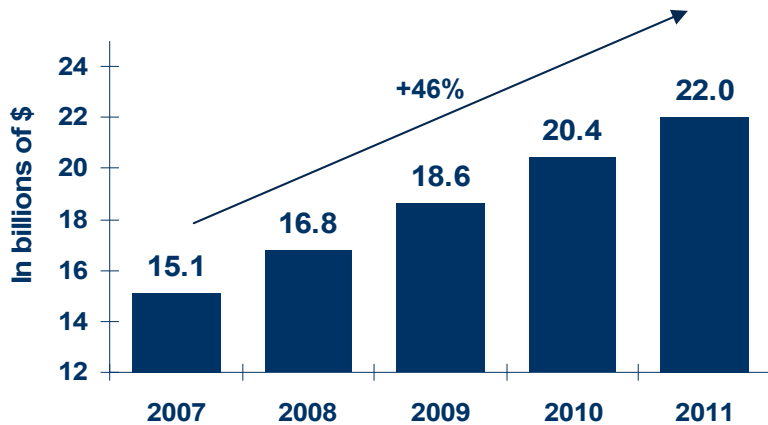
\* Excluding transaction and integration costs in Q4-2011

## Net Income

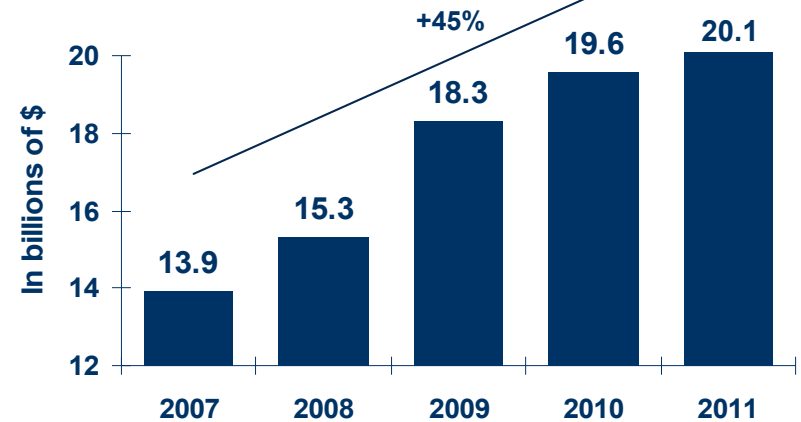


## Loans and BAs

(Including securitized loans)



## Deposits



# OUR ACCOMPLISHMENTS PROMOTE SUSTAINED GROWTH

## 2011 Accomplishments

<p><b>Retail &amp; SME Québec</b></p>	<ul style="list-style-type: none"> <li>-Deployed the Bank's Customer Relationship Management system</li> <li>-Reached \$1 B in SME-Québec loans</li> <li>-Concluded an agreement to become a principal distributor of Mackenzie mutual funds</li> <li>-Launched banking application for mobile devices</li> </ul>
<p><b>Real Estate and Commercial</b></p>	<ul style="list-style-type: none"> <li>-Developed new commercial lending niches</li> <li>-Exceeded \$3 B in average commercial mortgages and loans</li> </ul>
<p><b>B2B Trust</b></p>	<ul style="list-style-type: none"> <li>-Acquired MRS Trust and MRS Inc.</li> <li>-Forged new distribution alliances</li> </ul>
<p><b>LBS &amp; Capital Markets</b></p>	<ul style="list-style-type: none"> <li>-Built new relationships and strengthened existing ones with Institutional Fixed Income clients</li> <li>-Further differentiated LBS as a small cap brokerage firm</li> </ul>
<p><b>Bank-wide</b></p>	<ul style="list-style-type: none"> <li>-Issued \$250 million of subordinated debentures</li> <li>-Opened the «Career Station», a unique recruitment center</li> <li>-Recipient of «Canada's Most Admired Corporate Culture» award, Eastern Canada</li> </ul>

	Expected 2011 Results under IFRS <sup>(1)</sup>	2012 Objectives <sup>(2)</sup> under IFRS
<b>Revenue growth</b>	n.a.	>5%
<b>Efficiency ratio</b>	71% to 70%	73% to 70%
<b>Return on common shareholders' equity</b>	12.8% to 13.3%	11.0% to 13.5%
<b>Diluted EPS</b>	\$4.85 to \$5.05	\$4.80 to \$5.40

(1) Expected results for 2011 are determined with reference to the preliminary restated 2011 IFRS comparative figures and exclude Transaction and Integration Costs. Therefore, actual results may be adjusted upon completion of the conversion process in 2012.

(2) 2012 objectives exclude Transaction and Integration Costs related to the acquisition of the MRS Companies.

## Key Assumptions:

- Moderate growth in the North American economy
- Persistent pressure on pricing and margins
- Good loan and deposit growth
- Increased spending necessary to meet heightened regulatory requirements and investments in technology and people
- Higher other income resulting from business initiatives and increased sales capabilities

- **Réjean Robitaille**, President and Chief Executive Officer
- **Michel C. Lauzon**, Executive Vice-President and Chief Financial Officer
- **Luc Bernard**, Executive Vice-President, Retail and SME Financial Services
- **François Desjardins**, Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Trust
- **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.
- **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



- **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 **158 retail branches** and **427 ABMs**
- **\$24.5 billion of assets** on balance sheet as of October 31, 2011
- **Main markets:** Province of Québec with significant activities elsewhere in Canada (36% of total loans come from outside of Québec)
- **Almost 3,700 employees**
- **Founded in 1846**

For the year ended October 31, 2011

## Retail & SME-Québec

## Real Estate & Commercial

## B2B Trust

## LB Securities & Capital Markets

% of total revenue <sup>(1)</sup> **60%**

**16%**

**17%**

**7%**

% of net income <sup>(1)</sup> **31%**

**36%**

**29%**

**4%**

- 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 2,500 employees
- 158 retail branches in Québec
- 22 commercial offices in Québec

- Real estate financing throughout Canada
- Commercial financing in Ontario
- Commercial financing in Québec

- Approximately 125 employees
- 14 offices in Ontario, Western Canada and Québec

- Financial products and services offering
- Distributed through a network of more than 22,000 independent financial advisors for distribution to their clients throughout Canada

- Approximately 400 employees
- Sales offices in Montréal, Calgary, Halifax and Vancouver

Complete range of brokerage services offered through a network of 15 offices in Québec and Ontario

- Institutional – Fixed Income
- Institutional – Equity
- Retail Brokerage Services
- Business Services

Bank-related capital market activities

- Approximately 225 employees
- 15 offices in Québec and Ontario

- \$10.1 B in residential mortgage loans and home equity lines of credit
- \$0.4 B in personal lines of credit
- \$1.0 B in average commercial loans - SME Québec
- Total deposits: \$9.5 B

- \$1.8 B in commercial mortgage loans
- \$0.7 B in commercial loans
- \$0.6 B in residential mortgage loans
- Total deposits: \$0.5 B

- \$3.1 B in investment and RRSP loans
- \$2.4 B in brokered mortgages
- Total deposits: \$9.4 B
- Assets under administration: \$3.5 B

- Assets under administration: \$2.2 B

<sup>(1)</sup> Excluding Other segment

## **Réjean Robitaille**

**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

## **Lorraine Pilon**

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

## **Luc Bernard**

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

## **François Desjardins**

**Executive Vice-President of the Bank  
President and Chief Executive Officer of  
B2B Trust**  
With Laurentian Bank since 1991

## **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

## **Pierre Minville**

**Executive Vice-President, and Chief Risk  
Officer**  
With Laurentian Bank since 2000

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

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

**Pierre Anctil (2011)**

President and CEO of Fiera Axium  
Infrastructure

**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.

**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.

**Michel Labonté (2009)**

Corporate Director

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

**Susan Cohen** - Director, Investor Relations  
514-284-4500 ext. 4926