



LAURENTIAN  
BANK

# 4<sup>th</sup> quarter 2009 CONFERENCE CALL

Réjean Robitaille, President & CEO

Michel C. Lauzon, CFO

*December 9, 2009 @ 2:00 p.m.*

*1-866-223-7781*



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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, 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 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 materially 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.

## **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:**

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## OVERVIEW OF 2009 and 4<sup>th</sup> QUARTER

	2009	2008	Q4-2009	Q4-2008
<b>Net income</b>	\$113.1 M	\$102.5 M	\$38.2 M	\$27.3 M
<b>Diluted EPS</b>	\$4.23	\$3.80	\$1.47	\$1.02
<b>ROE</b>	11.4%	11.0%	15.3%	11.5%
<b>Net income from continuing operations</b>	\$ 101.7 M	\$ 98.1 M	\$ 26.8 M	\$ 22.9 M
<b>Diluted EPS from continuing operations</b>	\$3.75	\$3.61	\$0.99	\$0.84

### 2009 HIGHLIGHTS

- Record core operating revenue
- Good performance from all business segments
- Solid levels of capital
- Record loan and deposit growth
- Higher provisions for loan losses and securities losses



## TRACKING OF 2009 OBJECTIVES

	2009 OBJECTIVES	2009 RESULTS
Return on common shareholders' equity	10.0% to 12.0%	11.4%
Diluted net income per share	\$3.70 to \$4.40	\$4.23
Total revenue	+ 2% to + 5% (\$645 M to \$665 M)	+ 6% (\$666.5 M)
Efficiency ratio	73% to 70%	70.8%
Tier 1 capital ratio	Minimum of 9.5%	11.0%



## FINANCIAL HIGHLIGHTS QUARTER OVER QUARTER

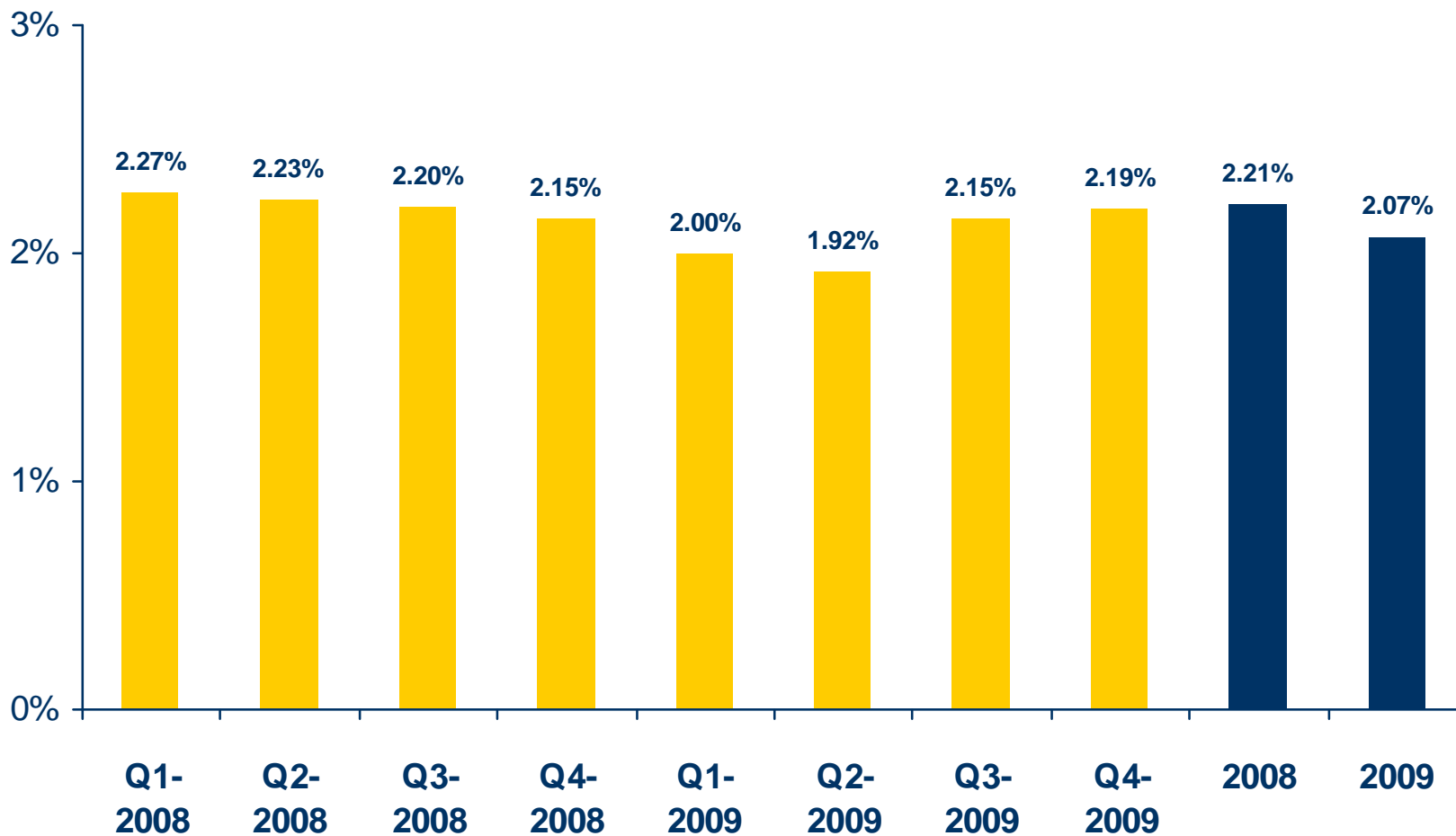
In millions of dollars, except per share amounts

	<u>Q4-2009</u>	<u>Q4-2008</u>	<u>Variation</u> <u>Q4-2009 vs</u> <u>Q4-2008</u>
Net interest income	118.2	103.3	14%
Other income	60.3	49.5	22%
<b>Total revenue</b>	<b>178.5</b>	<b>152.8</b>	17%
Provision for credit losses	16.0	10.5	52%
Non-interest expenses	128.1	113.0	13%
Income taxes	7.6	6.4	
<b>Net income from continuing operations</b>	<b>26.8</b>	<b>22.9</b>	17%
Net income from discontinued operations	11.5	4.4	
<b>Net income</b>	<b>38.2</b>	<b>27.3</b>	
Preferred share dividends	3.1	3.0	0%
<b>Net income available to common shareholders</b>	<b>35.2</b>	<b>24.4</b>	44%
<b>Diluted EPS - GAAP</b>	<b>\$1.47</b>	<b>\$1.02</b>	44%
Return on common shareholders' equity	15.3%	11.5%	
Efficiency ratio	71.8%	74.0%	
Effective tax rate	22.1%	21.7%	
<b>Diluted EPS - continuing operations</b>	<b>\$0.99</b>	<b>\$0.84</b>	18%
Return on common shareholders' equity	10.3%	9.4%	



# NET INTEREST MARGIN

NIM continued to expand in Q4/09 after the Q2/09 trough





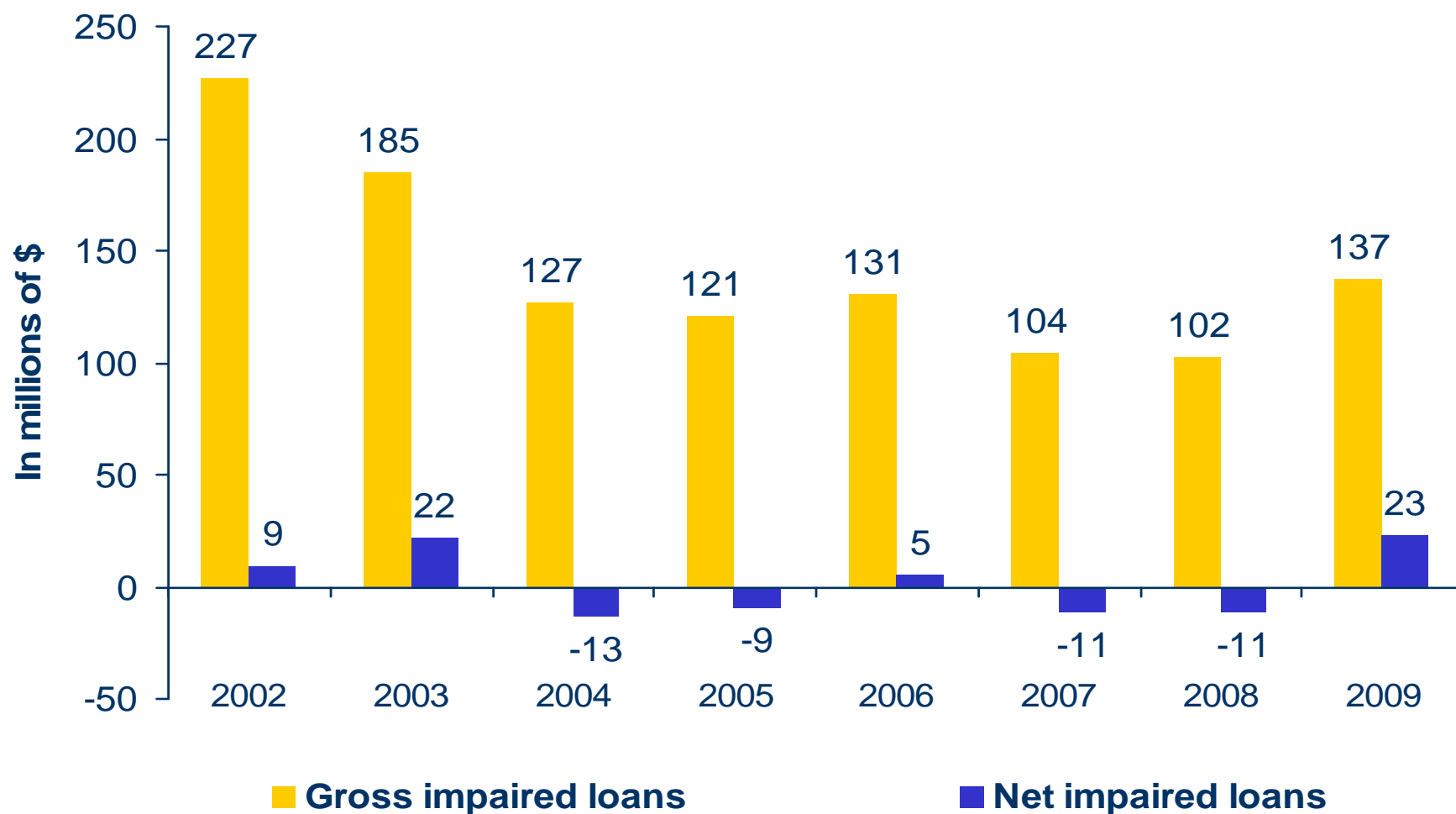
# PROVISION FOR LOAN LOSSES

## FOR THE THREE MONTHS ENDED

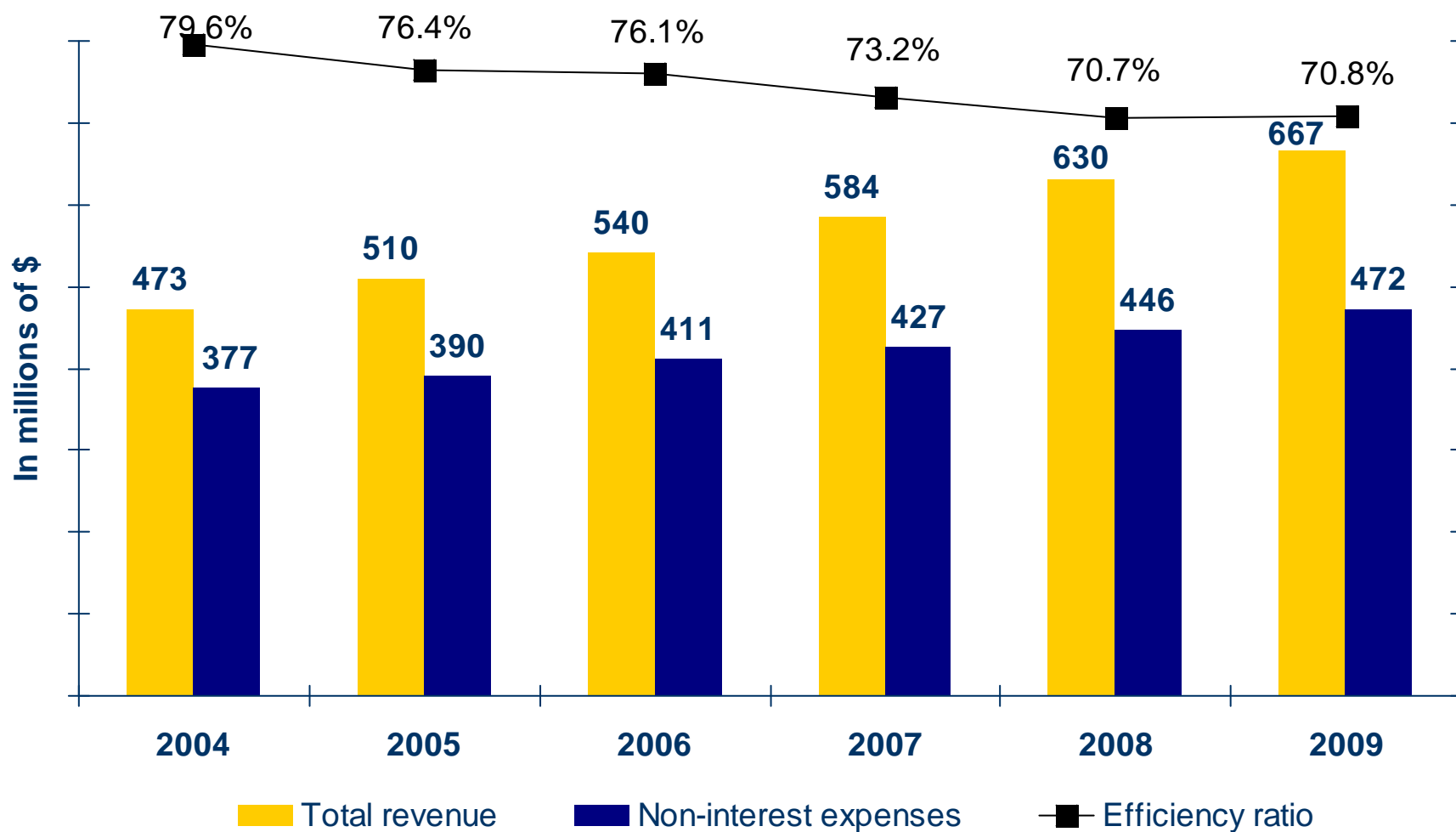
In thousands of \$	October 31, 2009	July 31, 2009	October 31, 2008
<b>Personal loans and Visa cards</b>	<b>9,746</b>	10,219	8,078
<b>Residential mortgages</b>	<b>523</b>	210	-36
<b>Commercial mortgages</b>	<b>362</b>	594	225
<b>Commercial loans and other</b>	<b>5,369</b>	4,977	2,233
<b>General Provision</b>	<b>0</b>	0	0
<b>TOTAL</b>	<b>16,000</b>	16,000	10,500



## Evolution of gross and net impaired loans









## FINANCIAL HIGHLIGHTS – 2009 VS 2008

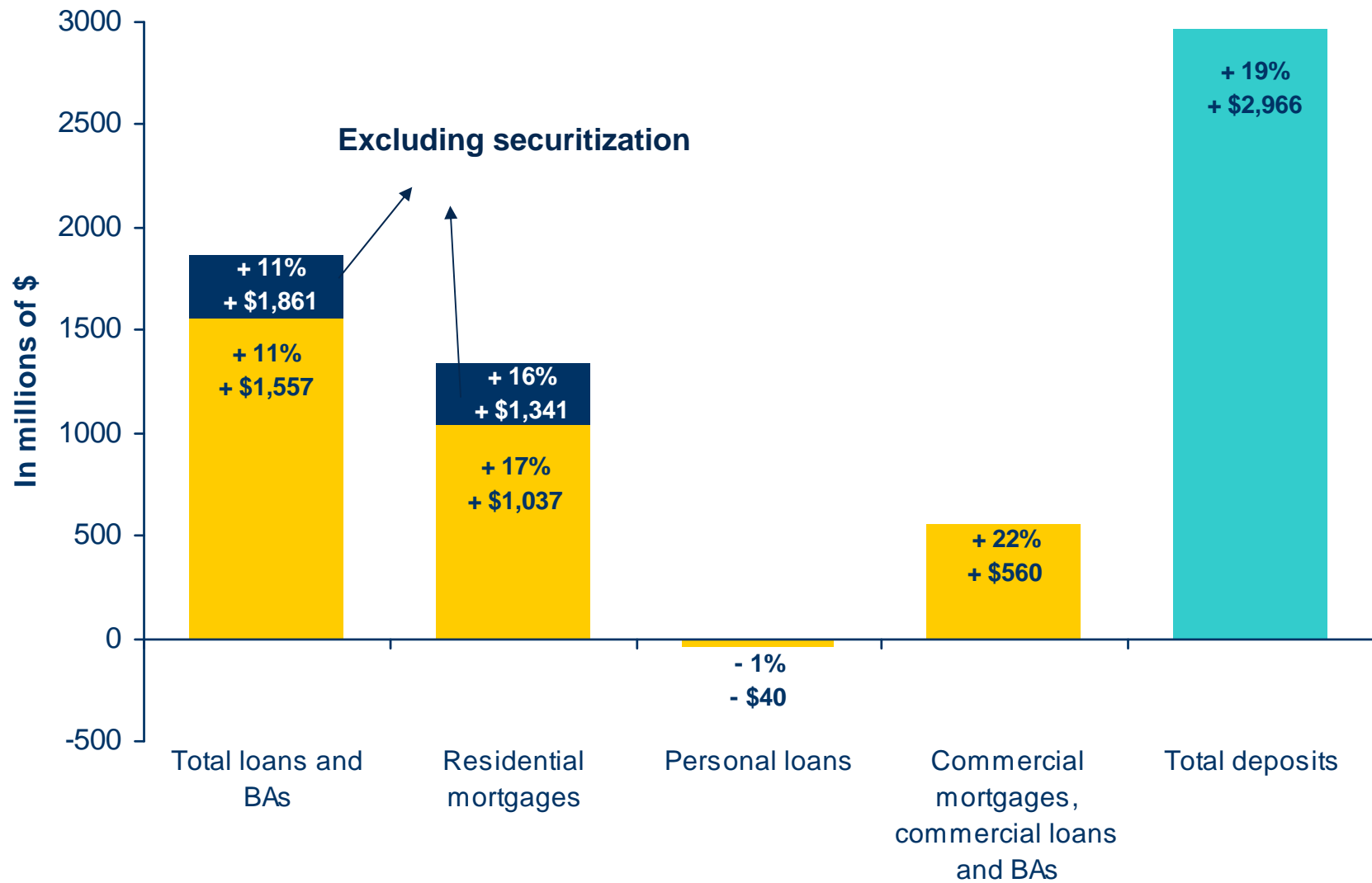
In millions of dollars, except per share amounts

	<u>2009</u>	<u>2008</u>	<u>Variation</u> <u>2009 vs</u> <u>2008</u>
Net interest income	423.8	405.3	5%
Other income	242.7	225.2	8%
<b>Total revenue</b>	<b>666.5</b>	<b>630.5</b>	6%
Provision for credit losses	56.0	48.5	15%
Non-interest expenses	472.0	446.0	6%
Income taxes	36.8	37.9	
<b>Net income from continuing operations</b>	<b>101.7</b>	<b>98.1</b>	4%
Net income from discontinued operations	11.5	4.4	
<b>Net income</b>	<b>113.1</b>	<b>102.5</b>	
Preferred share dividends	12.1	11.8	0%
<b>Net income available to common shareholders</b>	<b>101.0</b>	<b>90.7</b>	11%
<b>Diluted EPS - GAAP</b>	<b>\$4.23</b>	<b>\$3.80</b>	11%
Return on common shareholders' equity	11.4%	11.0%	
Efficiency ratio	70.8%	70.7%	
Effective tax rate	26.6%	27.9%	
<b>Diluted EPS - continuing operations</b>	<b>\$3.75</b>	<b>\$3.61</b>	18%
Return on common shareholders' equity	10.1%	10.5%	



# MAIN PORTFOLIO GROWTH

Last 12 months as at October 31, 2009 (consolidated)





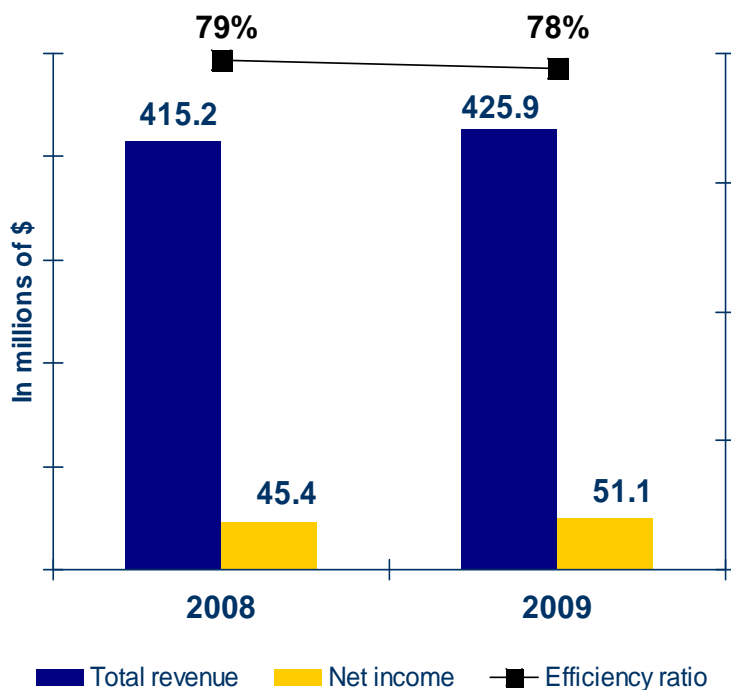
# BUSINESS SEGMENTS PERFORMANCE

2009

	Retail & SME Quebec	Real Estate & Commercial	B2B Trust	LBS	Other <sup>(1)</sup>	TOTAL
<b>Total revenue</b> (growth 2009 versus 2008)	\$425.9 M + 3%	\$90.5 M + 27%	\$100.3 M + 3%	\$54.7M + 69%	- \$4.9 M N.A.	\$666.5 M + 6%
<b>Net income</b> (growth 2009 versus 2008)	\$51.1 M + 13%	\$34.1 M + 20%	\$32.1 M - 8%	\$8.6 M + 399%	- \$12.7M N.A.	\$113.1 M + 10%
<b>Total net income contribution <sup>(2)</sup> – excluding discontinued operations</b>	35%	30%	28%	7%	N.A.	100%

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

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

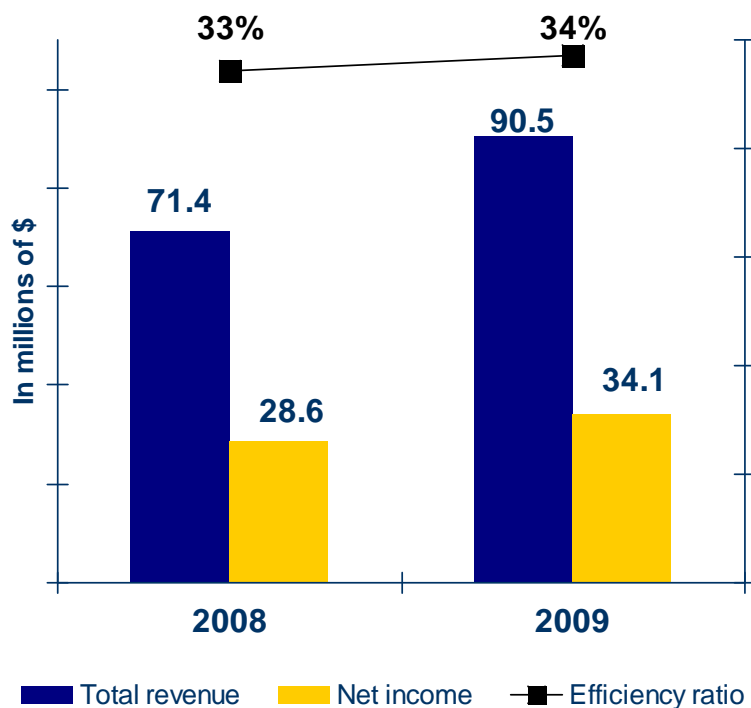


## 2009 versus 2008

- Total revenue: + 3% (+ \$10.7 M)
- Net income: + 13% (+ \$5.7 M)

## Main drivers

- Average loans: + 10% (+ \$937 M to \$10,836 M)
- Average deposits: + 6% (+ \$421 M to \$7,882 M)
- Higher loan losses (\$41.9 M versus \$33.6 M)
- Includes income from discontinued operations of \$11.5 M in 2009 and \$4.4 M in 2008
- Modest increase in non-interest expenses

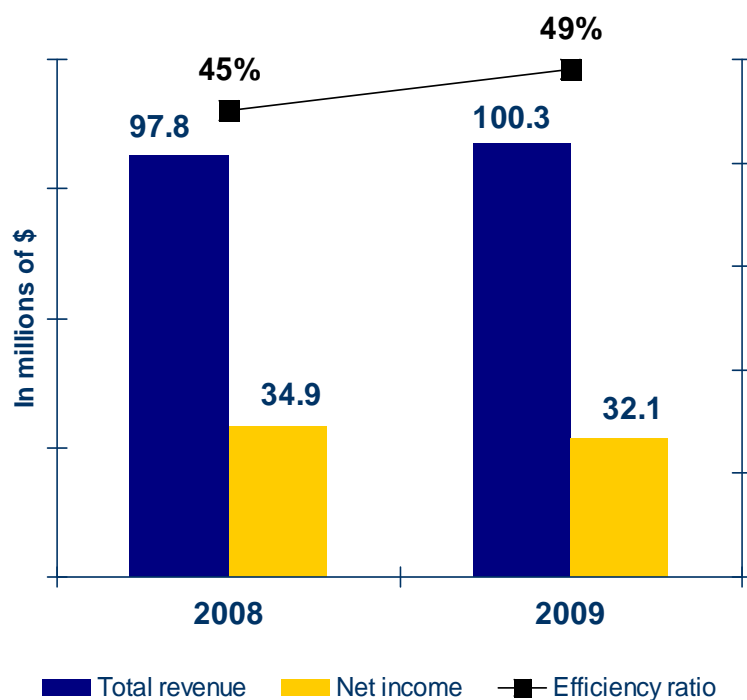


## 2009 versus 2008

- Total revenue: + 27% (+ \$19.1M)
- Net income: + 20% (+ \$5.6 M)

## Main drivers

- Average loans: + 13% (+ \$250 M to \$2,234 M)
- Average deposits: + 66% (+ \$119 M to \$298 M)
- Higher net interest income due to loan and deposit growth and sound pricing strategies
- Higher loan losses (\$9.8 M versus \$5.4 M)
- Higher non-interest expenses (\$31.0 M versus \$23.4 M) primarily due to provisioning for specific operational issues

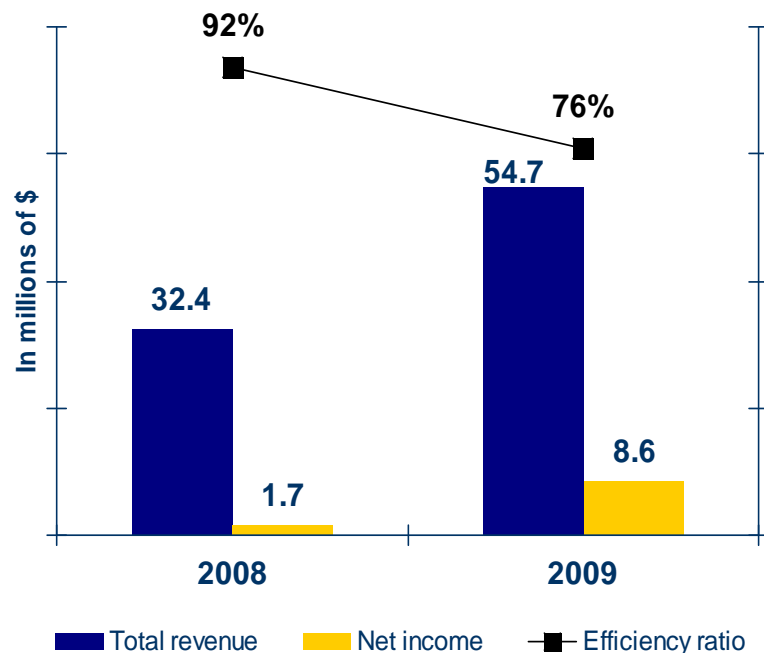


### 2009 versus 2008

- Total revenue: + 3% (+ \$2.4 M)
- Net income: - 8% (- \$2.8 M)

### Main drivers

- Average loans: + 11% (+ \$410 M to \$4,255 M)
- Average deposits: + 30% (+ \$1,834 M to \$7,893 M)
- Higher net interest income due to higher loan and deposit volumes
- Higher loan losses (\$4.3 M versus \$1.5 M)
- Higher non-interest expenses owing to increased activity



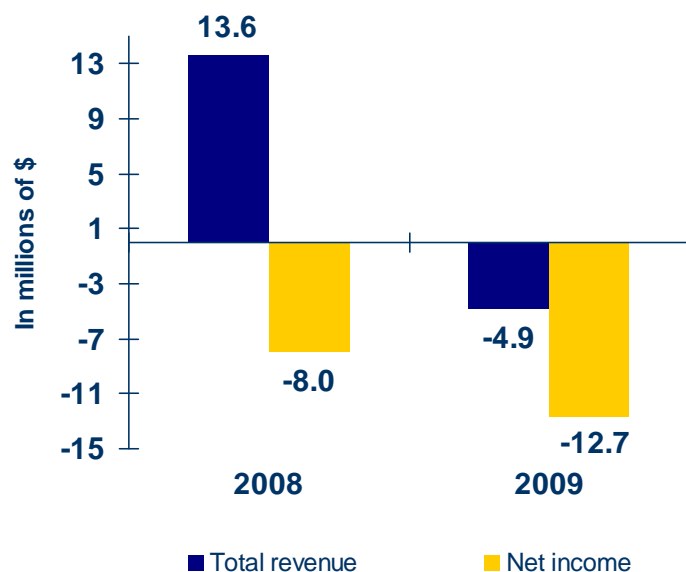
## 2009 versus 2008

- Total revenue: + 69% (+ \$22.3 M)
- Net income: + 399% (+ \$6.8 M)

## Main drivers

- Improved results owing to the solid performance of the Institutional Fixed Income division and recovering markets
- Higher non-interest expenses due to higher variable compensation costs





### 2009 versus 2008

- Total revenue: - \$4.9 M
- Net income: - \$12.7 M

### Main drivers

- Net interest income affected by low interest rates, higher funding costs and higher net losses on securities
- 2008 revenue included a \$12.9 M security gain
- 2008 results included an \$8.0 M general provision



	2010 OBJECTIVES
Revenue growth	5% to 10%
Efficiency ratio	70% to 67%
Return on common shareholders' equity	10%-12%
Diluted net income per share	\$4.00 to \$4.70
Tier 1 capital ratio	Minimum of 9.5%

### **Key Assumptions:**

- 1) Canadian economy will resume growth in 2010
- 2) Unemployment will remain high and will maintain pressure on loan losses
- 3) Loan growth rate will be similar to 2009
- 4) Lower securitization gains
- 5) No additional income from discontinued operations



## Being committed to the pursuit of profitable growth, we will:

- Focus on our 3 priorities – increasing profitability, improving efficiency and developing human capital
- Continue to invest in our business to achieve short to medium term profitability as well as long-term development
- Perpetuate a customer-focused culture and a sales-performance culture
- Uphold a prudent approach to risk management and capital to ensure a solid financial foundation from which to take advantage of opportunities

- **Réjean Robitaille**, President and Chief Executive Officer
- **Michel C. Lauzon**, Executive Vice-President and Chief Financial Officer
- **Bernard Piché**, Senior Executive Vice-President, Treasury, Capital Markets and Brokerage
- **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**, 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
- **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 **408 ABMs**
- **\$22 Billion of assets** on balance sheet as of October 31, 2009
- **Main markets:** Province of Québec with significant activities elsewhere in Canada (39% of total loans come from outside of Québec)
- **More than 3,500 employees**
- **Founded in 1846**



# 4 BUSINESS SEGMENTS

LBC

## Retail & SME Quebec

- **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

- \$7.7 billion in residential mortgage loans
- \$0.5 billion in lines of credit
- \$6.9 billion in personal deposits
- \$0.8 billion in average commercial loans - SME Québec

## Real Estate & Commercial

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

- \$0.6 billion in commercial loans
- \$1.3 billion in commercial mortgage loans
- \$0.5 billion in business deposits

## B2B Trust

- Financial products and services offered through a network of almost 15,000 independent financial advisors for distribution to their clients throughout Canada
- Head office located in Toronto and sales offices in Montréal, Calgary, Halifax and Vancouver

- \$9.1 billion in total deposits
- \$2.8 billion in investment and RRSP loans
- \$1.6 billion in brokered mortgages
- \$4.0 billion in assets under administration

## Laurentian Bank Securities

- Complete range brokerage services (offered through a network of 15 offices in Quebec and Ontario) grouped under five divisions:
  - Institutional – Fixed Income
  - Institutional – Equity
  - Retail Brokerage Services
  - Discount Brokerage
  - Business Services

- \$2.0 billion in total assets under management (full service and discount brokerage)

PORTFOLIOS  
(October 31, 2009)



## 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

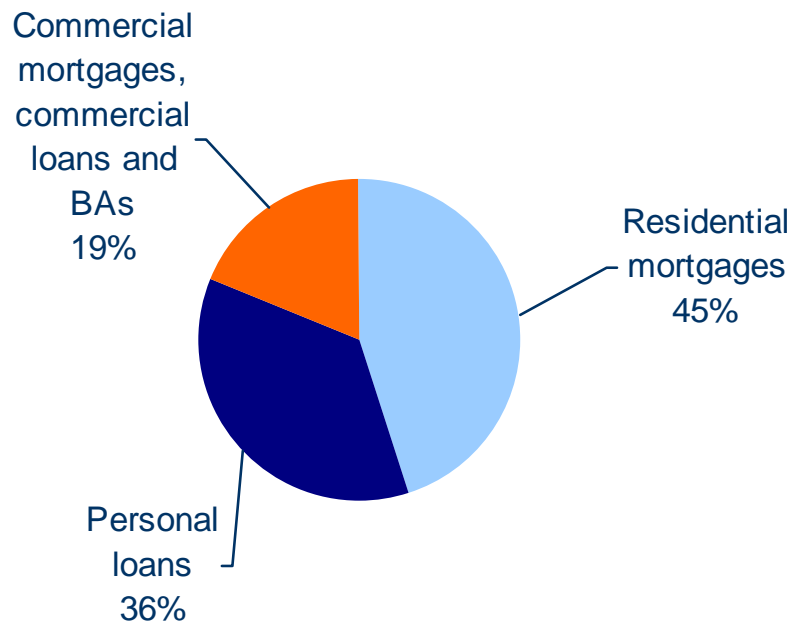
## 3. Efficient management approach

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

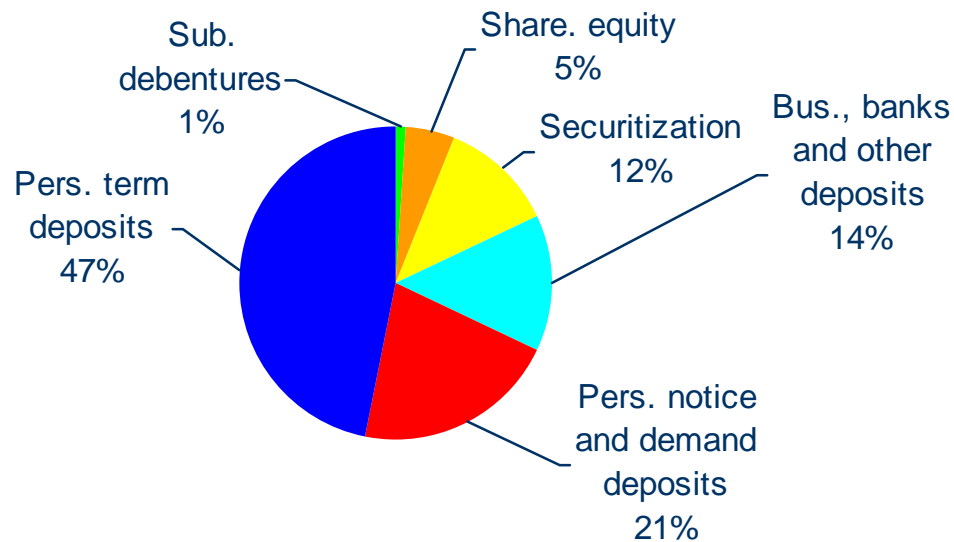




## Loan portfolios (October 31, 2009)



## Funding sources to support lending activities (October 31, 2009)





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## MANAGEMENT COMMITTEE

### **Réjean Robitaille**

**President and Chief Executive Officer**

President of Laurentian Bank since 2006; with the 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 and Secretary**

With Laurentian Bank since 1990

### **Luc Bernard**

**Executive Vice-President**

**Retail Financial Services and SME**

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



**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.