

INVESTOR PRESENTATION

Second Quarter 2021

June 2, 2021



**LAURENTIAN
BANK**
FINANCIAL GROUP

Caution Regarding Forward-Looking Statements

The Bank may, from time to time, make written or oral forward-looking statements within the meaning of applicable securities legislation, including in this document and the documents incorporated by reference herein, and in other documents filed with Canadian regulatory authorities or in other written or oral communications. Forward-looking statements include, but are not limited to, statements regarding business plans and strategies, priorities and financial objectives, the regulatory environment in which the Bank operates, the anticipated impact of the coronavirus (“COVID-19”) pandemic on the Bank’s operations, earnings results and financial performance and statements under the headings “Outlook”, “COVID-19 Pandemic” and “Risk Appetite and Risk Management Framework” contained in the Bank’s 2020 Annual Report, including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2020 and other statements that are not historical facts. Forward-looking statements typically are identified with words or phrases such as “believe”, “assume”, “estimate”, “forecast”, “outlook”, “project”, “vision”, “expect”, “foresee”, “anticipate”, “plan”, “goal”, “aim”, “target”, “may”, “should”, “could”, “would”, “will”, “intend” or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2020 Annual Report under the heading “Outlook”. There is significant risk that the predictions, forecasts, projections or conclusions will prove to be inaccurate, that the Bank’s assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, projections or conclusions.

The Bank cautions readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond its control and the effects of which can be difficult to predict, could influence, individually or collectively, the accuracy of the forward-looking statements and cause actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include, but are not limited to risks relating to: the impacts of the COVID-19 pandemic on the Bank, its business, financial condition and prospects; technology, information systems and cybersecurity; technological disruption, competition and its ability to execute on its strategic objectives; the economic climate in the U.S. and Canada; accounting policies, estimates and developments; legal and regulatory compliance; fraud and criminal activity; human capital; insurance; business continuity; business infrastructure; environmental and social risk and climate change; and its ability to manage operational, regulatory, legal, strategic, reputational and model risks, all of which are described in more detail in the section titled “Risk Appetite and Risk Management Framework” beginning on page 43 of the 2020 Annual Report including the Management’s Discussion and Analysis for the fiscal year ended October 31, 2020.

The Bank further cautions that the foregoing list of factors is not exhaustive. Additional risks and uncertainties not currently known to us or that the Bank currently deems to be immaterial may also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation. Any forward-looking statements contained in this document represent the views of Management only as at the date hereof, are presented for the purposes of assisting investors and others in understanding certain key elements of the Bank’s current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Bank’s business and anticipated operating environment and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether oral or written, made by the Bank or on its behalf whether as a result of new information, future events or otherwise, except to the extent required by securities regulations. Additional information relating to the Bank can be located on the SEDAR website at www.sedar.com.



RANIA LLEWELLYN

President and Chief Executive Officer

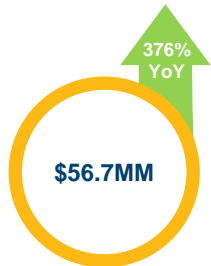
Strategic Direction



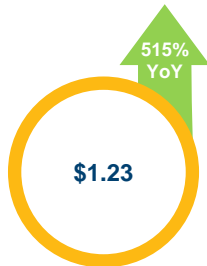
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Q2/21 Financial Highlights

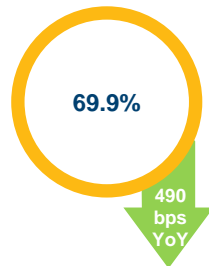
Adjusted Net Income⁽¹⁾



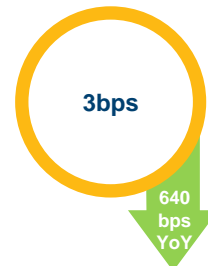
Adjusted Diluted EPS⁽¹⁾



Adjusted Efficiency Ratio⁽¹⁾



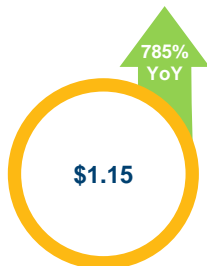
PCL⁽²⁾



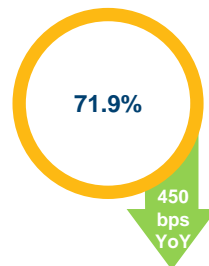
Net Income



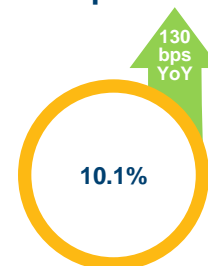
Diluted EPS



Efficiency Ratio



CET1 Capital Ratio



Strong Performance in Capital Markets

Low Provision for Credit Losses Including a Reserve Release






Strong Cost Discipline with Positive Operating Leverage

Healthy Capital and Liquidity Positions



(1) Adjusted measures presented throughout this document are Non-GAAP measures and exclude amounts designated as adjusting items. Refer to the Adjusting Items appendix for further details.
(2) Provision for credit losses as a % of average loans and acceptances.

Q2 Key Developments

-  Following the employee vote, the Canada Industrial Relations Board **revoked the union certification** covering the unionized employees
-  S&P Global Ratings and DBRS Morningstar **upgraded their ratings outlook** on the Bank from negative to **stable**, recognizing the **solid progress** that the Bank is making
-  Launched an inaugural **\$250 million 5-year covered bond**, to further **diversify and optimize sources of funding**
-  Issued **\$125 million Limited Recourse Capital Notes** and will use proceeds to redeem the Preferred Shares Series 15, **with a positive impact on the cost of capital**
-  Announced new **Head of Personal Banking**, to lead our “One Team” approach to personal banking, including the Quebec branch network, Digital Banking and B2B Bank



Three Strategic Pillars



Cultivating a “**Customer First**” Culture



Driving an “**Agile and Innovative**” Mindset



Engaging and Empowering our employees to work as “**One Team**”



2021 Priorities



Renew the **senior leadership team** and **organizational structure**



Increase our efforts on **cost discipline** while pivoting to structural cost optimization opportunities



Conduct a thorough review of all of Laurentian Bank's operations and **develop a new strategic plan**



YVAN DESCHAMPS

Executive Vice President and Chief Financial Officer

Financial Review



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Q2/21 Financial Performance

Reported (\$MM)	Q2/21	Y/Y	Q/Q
Total revenue	\$ 249.8	+4%	+1%
Provision for credit losses (PCL)	\$ 2.4	-96%	-86%
Non-interest expenses	\$ 179.6	-2%	+3%
PTPP income ⁽¹⁾	\$ 70.2	+24%	-4%
Net income	\$ 53.1	+497%	+18%
Diluted EPS	\$ 1.15	+785%	+20%
ROE	8.6%	+760 bps	+150 bps
Efficiency ratio	71.9%	-450 bps	+150 bps
CET1 capital ratio	10.1%	130 bps	30 bps
Adjusted (\$MM)	Q2/21	Y/Y	Q/Q
Non-interest expenses ⁽²⁾	\$ 174.7	-3%	+3%
PTPP income ⁽¹⁾⁽²⁾	\$ 75.1	+24%	-2%
Net income ⁽²⁾	\$ 56.7	+376%	+19%
Diluted EPS ⁽²⁾	\$ 1.23	+515%	+19%
ROE ⁽²⁾	9.2%	+770 bps	+170 bps
Efficiency ratio ⁽²⁾	69.9%	-490 bps	+100 bps

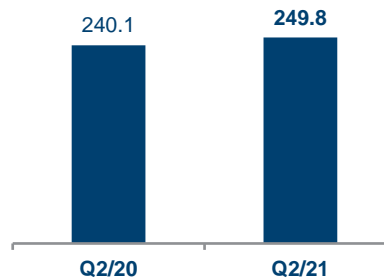
Y/Y Highlights

- Continued strong contribution from Capital Markets leading to higher revenues
- Materially lower PCLs as Q2/20 was impacted by the start of the pandemic
- Strong cost discipline leading to a 450 bps improvement in the efficiency ratio
- Positive adjusted operating leverage

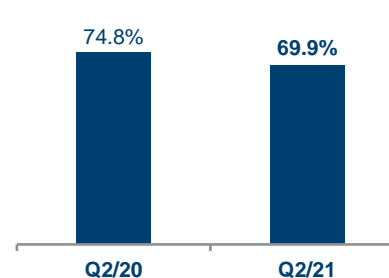
Q/Q Highlights

- Higher revenues driven by Other Income
- Lower PCLs due to releases of provisions on performing loans of \$9.9MM and lower provisions on impaired loans

Total Revenue (\$MM)



Adjusted Efficiency Ratio

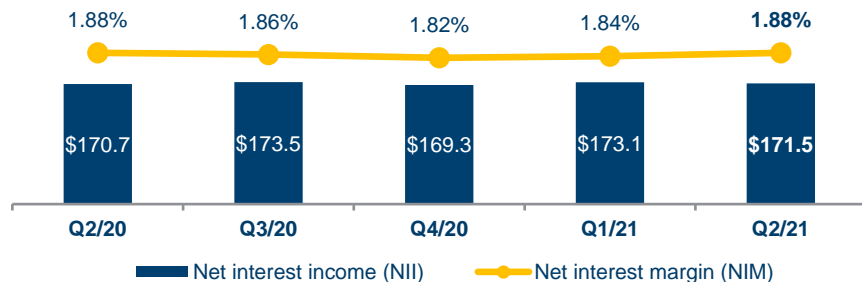


(1) Pre-tax pre provision (PTPP) income is total revenue net of non-interest expenses and a Non-GAAP measure. Refer to the Note to Users appendix for further details.

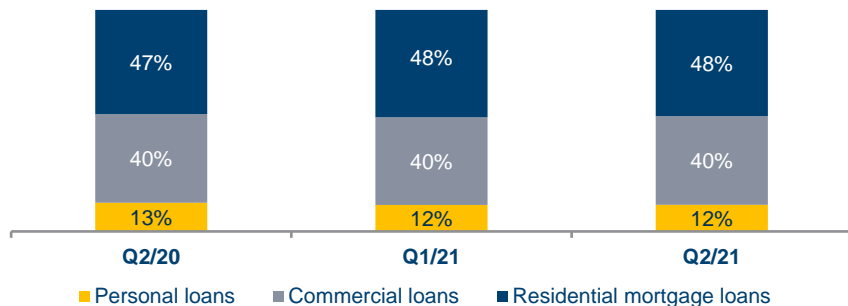
(2) Adjusted measures presented throughout this document are Non-GAAP measures and exclude amounts designated as adjusting items. Refer to the Adjusting Items and Note to User appendices for further details.

Net Interest Income

Net Interest Income and Margin (\$MM, %)



Loan Portfolio Mix



Key Assets (\$B)

	Q2/21	Y/Y	Q/Q
Liquid assets	\$ 10.0	+1%	-5%
Personal loans	\$ 3.9	-10%	-2%
Residential mortgage loans	\$ 15.9	-%	-1%
Commercial loans ⁽¹⁾	\$ 13.2	-2%	-%

Key Liabilities (\$B)

	Q2/21	Y/Y	Q/Q
Deposits - Personal & Business	\$ 20.9	-8%	-%
Deposits - Wholesale	\$ 2.1	-22%	-24%
Debt related to securitization	\$ 10.9	+18%	+3%

Y/Y Highlights

- NII increased due to improved funding costs, driven by greater utilization of secured funding, and partly offset by lower volumes
- NIM remained stable

Q/Q Highlights

- NII decreased mainly due to the negative impact of three fewer days in Q2, partly offset by improved funding costs
- NIM increased mainly as a result of improved funding costs and a change in business mix



(1) Including customers' liabilities under acceptances

Other Income

(\$MM)	Q2/21	Y/Y	Q/Q
Lending fees	\$ 17.0	+15%	+6%
Fees and securities brokerage commissions	17.1	+40%	+21%
Commissions from sales of mutual funds	11.9	+16%	+2%
Service charges	8.0	-6%	+10%
Income from financial instruments	6.6	-6%	-28%
Card service revenues	6.6	-2%	-1%
Fees on investment accounts	4.5	-1%	+21%
Insurance income, net	2.9	+41%	+9%
Other	3.7	+10%	+24%
	\$ 78.3	+13%	+5%

Y/Y Highlights

Other income increased by \$8.9MM, mainly from:

- An increase of \$4.5MM from Capital Markets revenues and treasury activities
- An increase of \$2.2MM in lending fees primarily from higher commercial activity
- An increase of \$1.7MM in commissions from sales of mutual funds due to the strong performance of financial markets

Q/Q Highlights

Other income increased by \$4.0MM, mainly from:

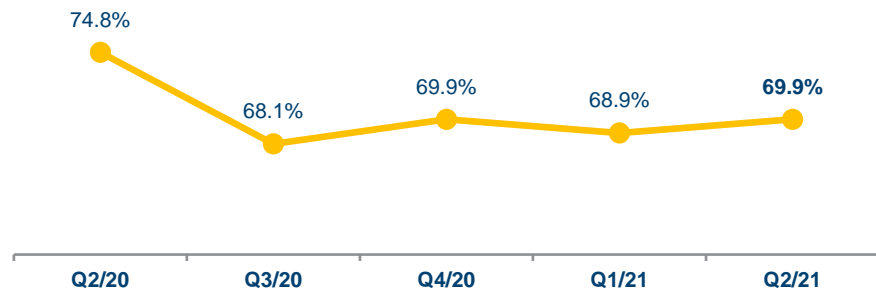
- An increase of \$3.0MM largely due to higher fees from brokerage operations
- An increase of \$1.0MM in lending fees driven by higher commercial activity



Adjusted Non-Interest Expenses (NIE)

Adjusted NIE (\$MM)	Q2/21	Y/Y	Q/Q
Salaries and employee benefits	\$ 97.5	+4%	+2%
Premises and technology	49.9	-2%	+3%
Other	27.3	-22%	+3%
	\$ 174.7	-3%	+3%

Adjusted Efficiency Ratio



Y/Y Highlights

Adjusted non-interest expenses decreased by \$5.0MM

- Salaries and employee benefits increased by \$3.5MM as higher performance-based compensation was partly offset by lower salaries reflecting the headcount reduction
- Premises and technology costs decreased by \$0.9MM as a result of cost discipline
- Other expenses decreased by \$7.6MM mainly from lower regulatory costs, advertising, business development and travel expenses
- 490 bps improvement in adjusted efficiency ratio

Q/Q Highlights

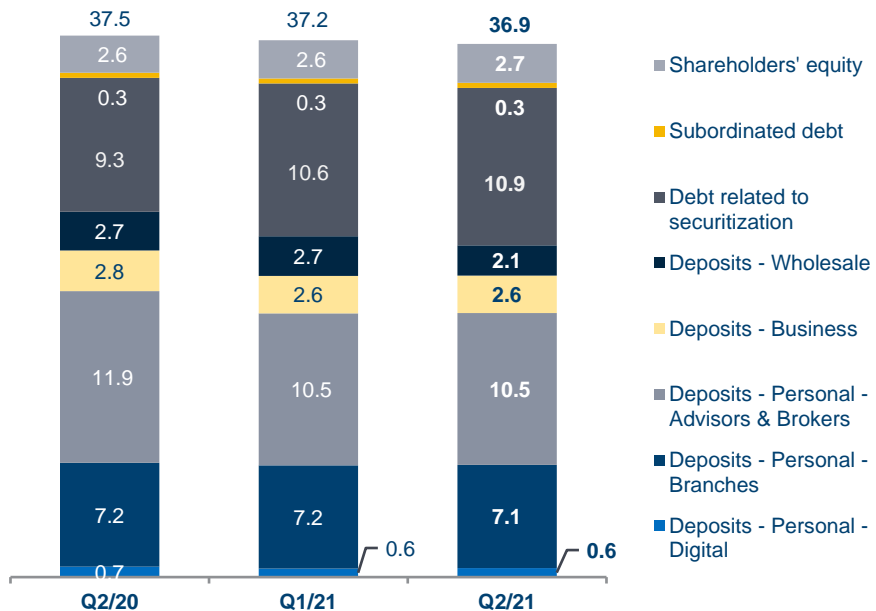
Adjusted non-interest expenses increased by \$4.3MM

- Salaries and employee benefits increased by \$2.0MM mainly as a result of higher performance-based compensation given the Bank's improved performance
- Technology and other expenses increased by a combined \$2.2MM due to higher professional fees, as well as from a lower level of expenses in Q1/21
- Adjusted efficiency ratio increased by 100 bps. Excluding the higher performance-based compensation, the ratio would be similar, demonstrating continued strong cost discipline



Well Diversified and Stable Sources of Funding

Funding (\$B)



Y/Y Highlights

- An increase in debt related to securitization of \$1.6B was offset by a decrease in term deposits sourced from Advisors & Brokers of \$1.7B and a decrease in wholesale deposits of \$0.6B to optimize overall funding costs and align with loan volumes
- Personal branch notice and demand deposits increased by \$0.3B or 12%
- Personal deposits represent 80% of total deposits as at April 30, 2021 and contributed to the Bank's good liquidity position

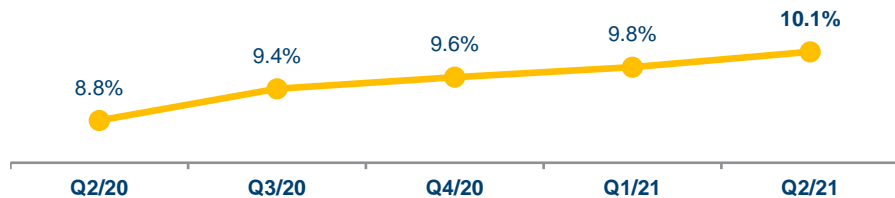
Q/Q Highlights

- An increase in debt related to securitization of \$0.3B was offset by a reduction in wholesale deposits of \$0.7B to optimize overall funding and align with loan volumes
- Continued strengthening, diversification and optimization of funding sources:
 - Improvement of the outlook to stable by both S&P and DBRS
 - First issuance for \$250MM of Covered Bonds as part of a \$2B programme
 - Upcoming redemption of Preferred Shares Series 15 in June funded by the issuance of \$125MM of more cost efficient Limited Recourse Capital Notes

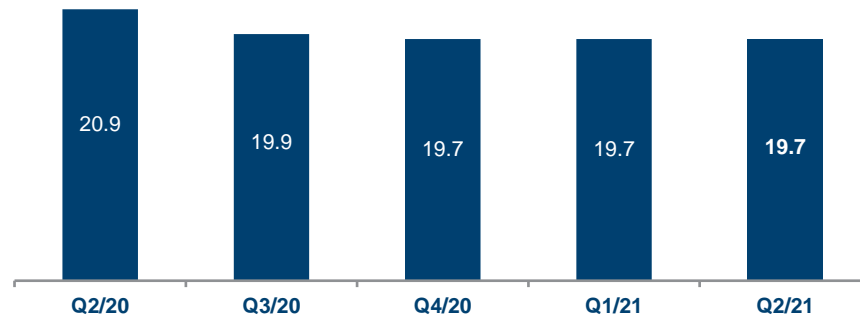


Strong Capital Position

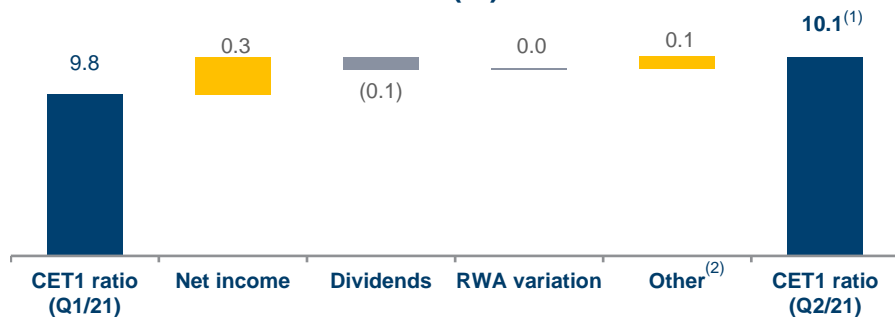
Common Equity Tier 1 Capital Ratio (CET1)⁽¹⁾



Risk-Weighted Assets (RWA) (\$B)



Evolution of the CET1 Ratio (%)



Y/Y Highlights

- CET1 ratio increased by 130 bps Y/Y
- The increase reflected internal capital generation and a reduction in risk-weighted assets

Q/Q Highlights

- CET1 ratio increased by 30 bps Q/Q
- The increase reflected strong internal capital generation

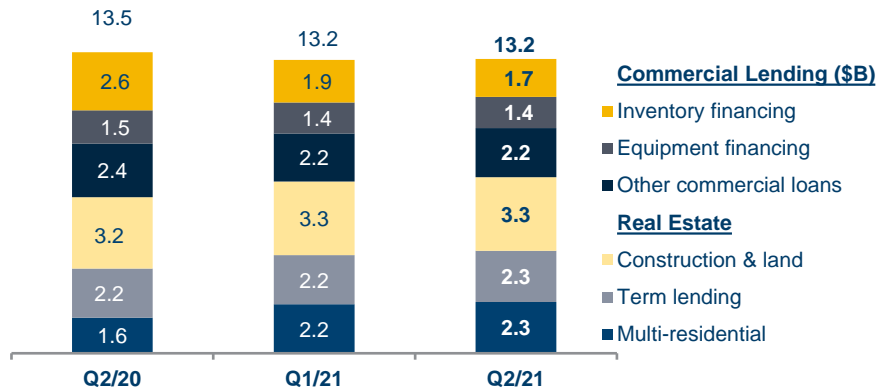


(1) Includes 0.1% resulting from the application of OSFI's transitional arrangements for the provisioning of expected credit losses

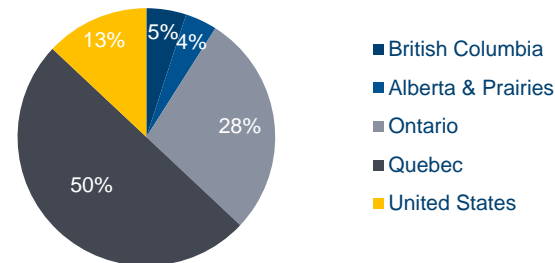
(2) Comprised of other variations in other comprehensive income, as well as deductions for software and other intangible assets, pension plan assets and other

Strong and Diversified Commercial Loan Portfolio

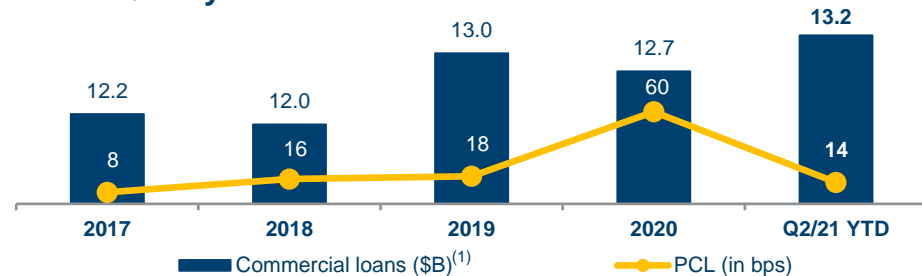
Commercial Loan Portfolio⁽¹⁾



A pan-Canadian Portfolio and a U.S. Presence⁽²⁾



Credit Quality



Loan to Value (LTV) on Term Lending and Multi-residential Mortgage Portfolios

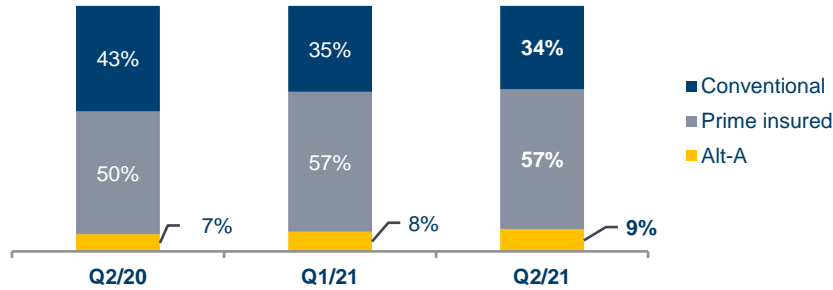
- LTV on term loan portfolio: 57%
- LTV on uninsured multi-residential mortgage portfolio: 53%



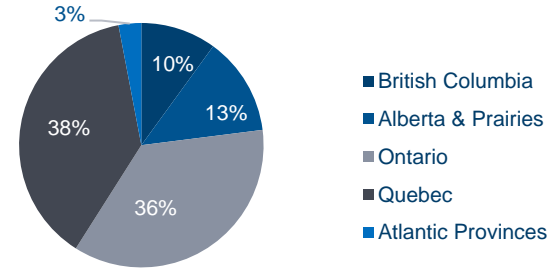
(1) Including customers' liabilities under acceptances (2) As at April 30, 2021

High Quality Residential Mortgage Loan Portfolio

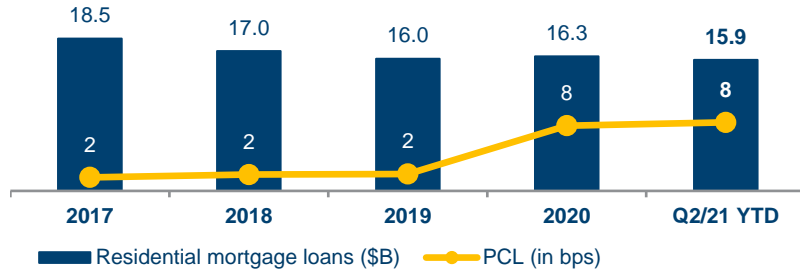
Insured vs Uninsured



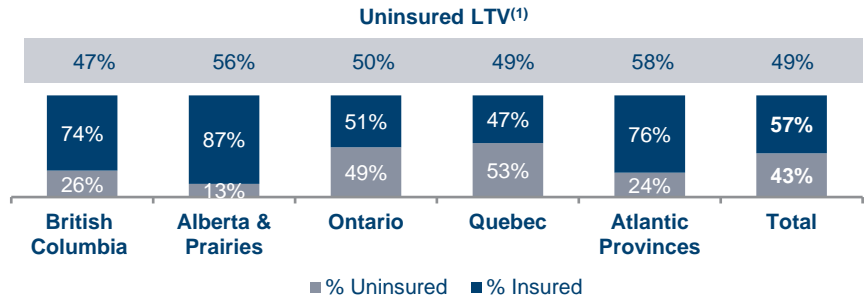
A Pan-Canadian Portfolio⁽²⁾




Credit Quality



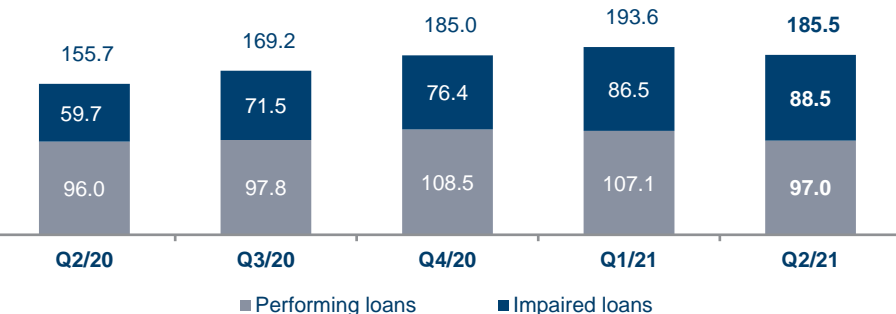
Insured, Uninsured & Loan to Value (LTV) by Province⁽²⁾



 (1) Reflects current estimated value of collateral, including HELOCs (2) As at April 30, 2021

Allowances for Credit Losses

Allowances for Credit Losses (ACL) (\$MM)



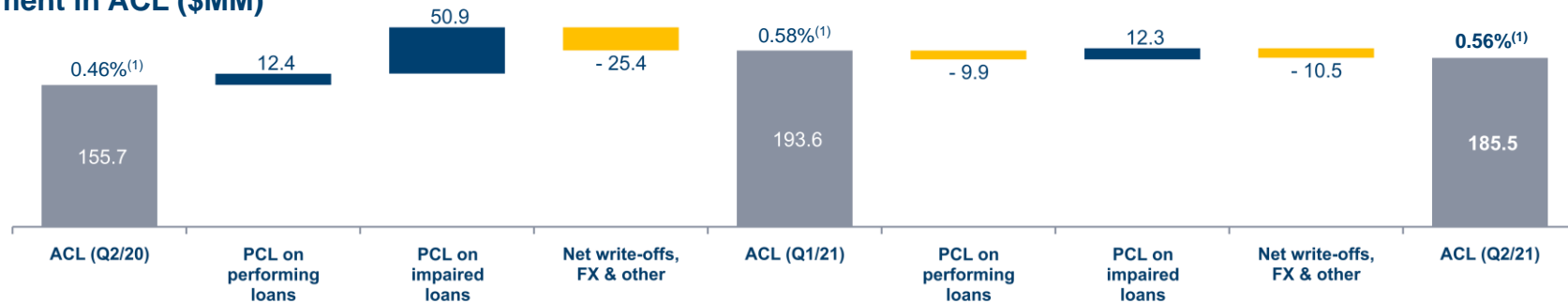
Y/Y Highlights

- ACL increased by \$29.8MM driven by severe economic conditions resulting from the global pandemic

Q/Q Highlights

- ACL decreased by \$8.1MM mostly due to releases of provisions on performing loans as a result of an improving economic outlook

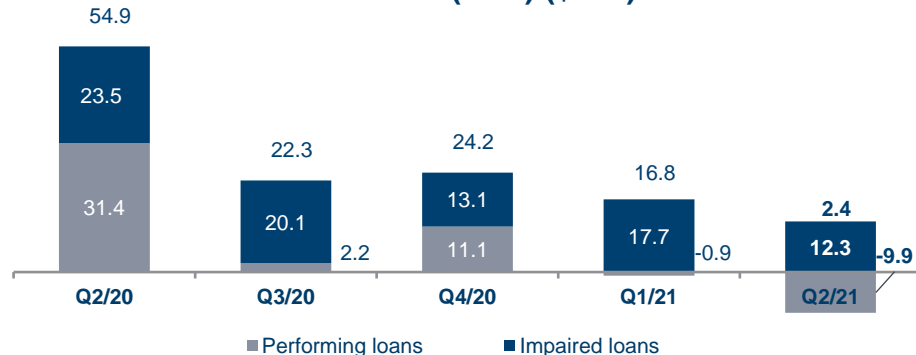
Movement in ACL (\$MM)



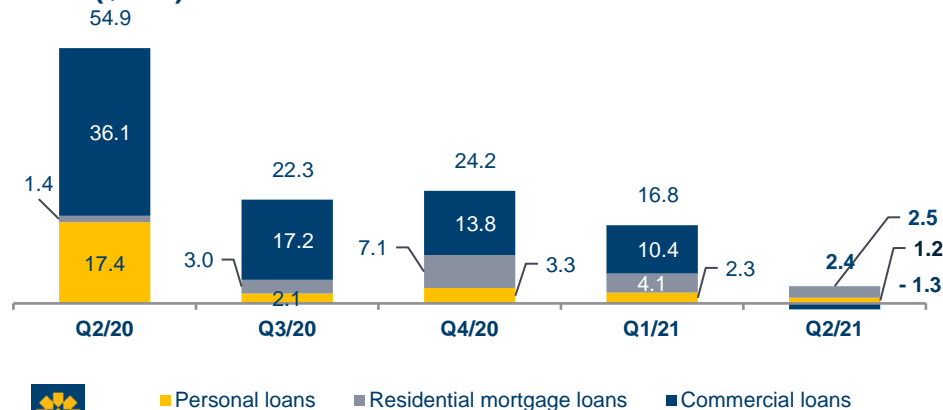
(1) ACL to loans and acceptances

Provision for Credit Losses

Provision for Credit Losses (PCL) (\$MM)



PCL (\$MM)



Maintaining a Prudent Approach to Provisioning Y/Y Highlights

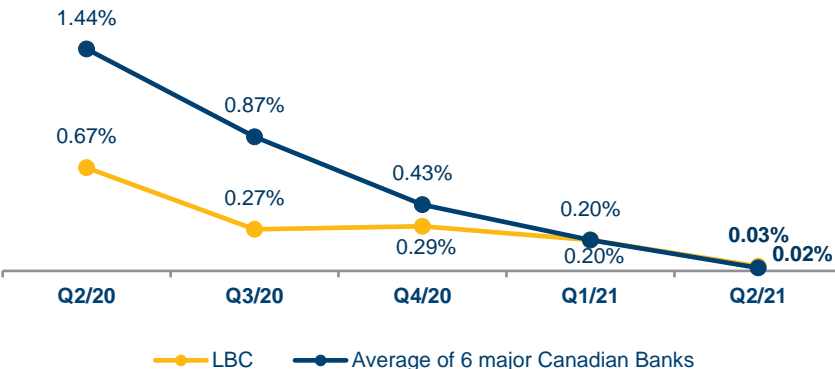
- PCL decreased by \$52.5MM reflecting the impact of COVID-19 on performing loans in Q2/20, \$9.9MM releases of provisions on performing loans, and lower provisions on impaired loans in Q2/21

Q/Q Highlights

- PCL decreased by \$14.4MM mostly due to releases of provisions on performing loans of \$9.9MM and lower provisions on impaired loans in Q2/21

PCL

(As a % of average loans and acceptances)

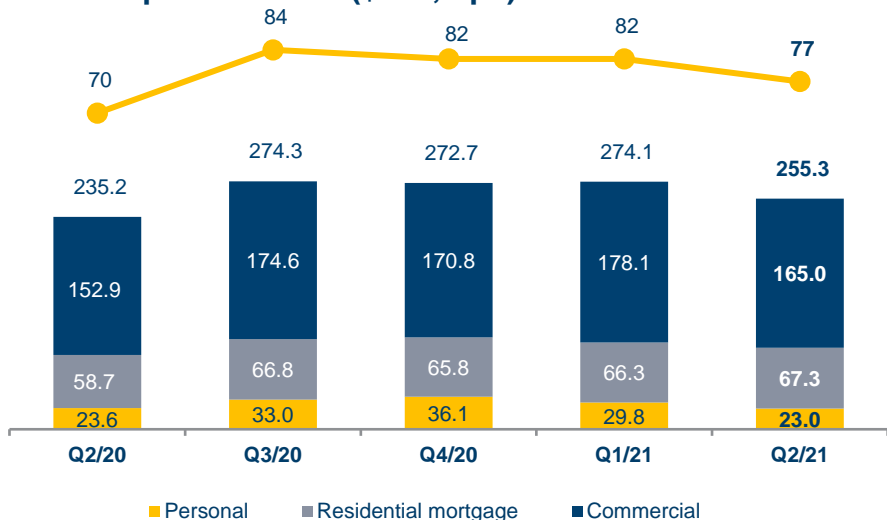


Personal loans Residential mortgage loans Commercial loans

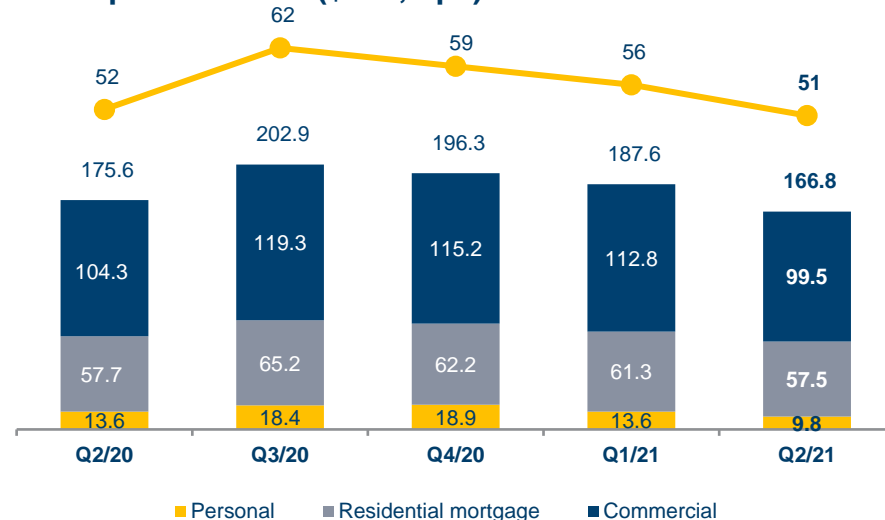
LBC Average of 6 major Canadian Banks

Impaired Loans

Gross Impaired Loans (\$MM, bps)



Net Impaired Loans (\$MM, bps)



Y/Y Highlights

- Gross impaired loans increased by \$20.0MM resulting from the global pandemic
- Net impaired loans decreased by \$8.7MM

Q/Q Highlights

- Gross impaired loans decreased by \$18.8MM mainly due to decreases in personal and commercial impaired loans
- Net impaired loans decreased by \$20.8MM



Key Takeaways

- 1 Momentum built in Q1 continues into Q2**
 - Strong capital position: CET1 10.1% representing \$350MM in excess capital
 - Sound credit quality underpinned by disciplined underwriting, good diversification, strong collateral
 - Well diversified and stable sources of funding
- 2 Maintaining focus on cost discipline**
 - Improved adjusted efficiency ratio by 490 basis points year-over-year
 - Kept the efficiency ratio below 70%
 - Continued focus on cost control while pivoting to cost optimization opportunities
- 3 Advancing our strategic review to chart a new path forward**
 - Improving the mortgage origination process for our broker channel as well as extending the review to the retention process and to our branch channel
 - Initiating a review of our digital strategy
 - Continuing to identify key areas of strategic focus and priorities





Appendices



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Adjusting Items

	Q2/21			Q1/21			Q2/20		
	Pre-Tax Effect (\$MM)	After-Tax Effect (\$MM)	EPS Effect (\$/Share)	Pre-Tax Effect (\$MM)	After-Tax Effect (\$MM)	EPS Effect (\$/Share)	Pre-Tax Effect (\$MM)	After-Tax Effect (\$MM)	EPS Effect (\$/Share)
Restructuring charges ⁽¹⁾	\$ 1.9	\$ 1.4	\$ 0.03	\$ 0.6	\$ 0.5	\$ 0.01	\$ 0.3	\$ 0.2	\$ 0.01
Items related to business combinations	3.0	2.3	0.05	3.1	2.3	0.05	3.7	2.8	0.06
Adjustment to Net income attributable to common shareholders and EPS ⁽²⁾	\$ 4.9	\$ 3.6	\$ 0.08	\$ 3.7	\$ 2.8	\$ 0.06	\$ 4.0	\$ 3.0	\$ 0.07

- (1) Restructuring charges in Q2/21 mainly consist of charges associated with the resolution of the union grievances and unfair labour practice complaints, including complaints relating to the revocation of the union certification, as well as charges associated with continued optimization of the Quebec branch network. In prior quarters, restructuring charges were attributed to the optimization of the Quebec branch network and the related streamlining of certain back-office and corporate functions. In 2020, restructuring charges related mainly to the reorganization of retail brokerage activities and other measures aimed at improving efficiency. Restructuring charges are included in Non-interest expenses and include severance charges, salaries, legal fees, communication expenses, professional fees and charges related to lease contracts.

- (2) The impact of adjusting items may not add due to rounding.



Note to Users

Management uses both generally accepted accounting principles (GAAP) and non-GAAP measures to assess the Bank's performance. Results prepared in accordance with GAAP are referred to as "reported" results, except for Pre-tax pre-provision income which is a non-GAAP measure. Non-GAAP measures presented throughout this document are referred to as "adjusted" measures and exclude amounts designated as adjusting items. Adjusting items relate to restructuring charges and business combinations and have been designated as such as management does not believe they are indicative of underlying business performance. Non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. 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 issuers.

Additional information about Non-GAAP measures can be found under the Non-GAAP measures section on page 5 of our Q2/21 Report to Shareholders.

All amounts are in Canadian dollars.

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