

Acquisition of CIT's Canadian Equipment Financing & Corporate Financing Activities

June 29, 2016



LAURENTIAN
BANK

Prospectus Information

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the applicable securities regulatory authorities in each of the provinces (and territories) of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. Copies of the preliminary short form prospectus may be obtained from TD Securities Inc. (Attention: Symcor, NPM (tel: 289-360-2009, email: sdconforms@td.com), 1625 Tech Avenue, Mississauga ON L4W 5P5). There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The short form prospectus will constitute a public offering of the Subscription Receipts only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. The securities offered by the short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold in the United States, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.



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.

Some of the specific forward-looking statements in this document include, but are not limited to, statements with respect to the expected timing and completion of the acquisition described herein. 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.

With respect to the proposed acquisition, the Bank also cautions readers regarding: the conditions in the acquisition agreement not being satisfied, failure to receive regulatory approvals (including stock exchange) or other approvals or otherwise satisfy the conditions to the completion of the offering of subscription receipts described herein (the Offering), changes in the terms of the offering, and the funds of the Offering not being available to the Bank. Furthermore, material factors could also include: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, developments in the technological environment, as well as, the ability to operate the Bank's transformation plan.

With respect to the anticipated benefits from the acquisition of CIT's Canadian Equipment & Corporate Finance Portfolio ("CIT Canada") and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: 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 Laurentian Banks' and CIT Canada customers to the transaction, and diversion of management time on acquisition-related issues.

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 under the title "Risk Appetite and Risk Management Framework" in the Bank's Annual Report, as well as to other public filings available at 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 GAAP and certain non-GAAP measures to assess 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. Certain analyses presented throughout this document are based on the Bank's core activities and therefore exclude the effect of certain amounts designated as adjusting items, as detailed in the 2015 Annual Report. A reconciliation of non-GAAP measures can be found in the Preliminary short form prospectus of the Bank relating to the Offering and in the documents incorporated by reference therein.



Transaction overview

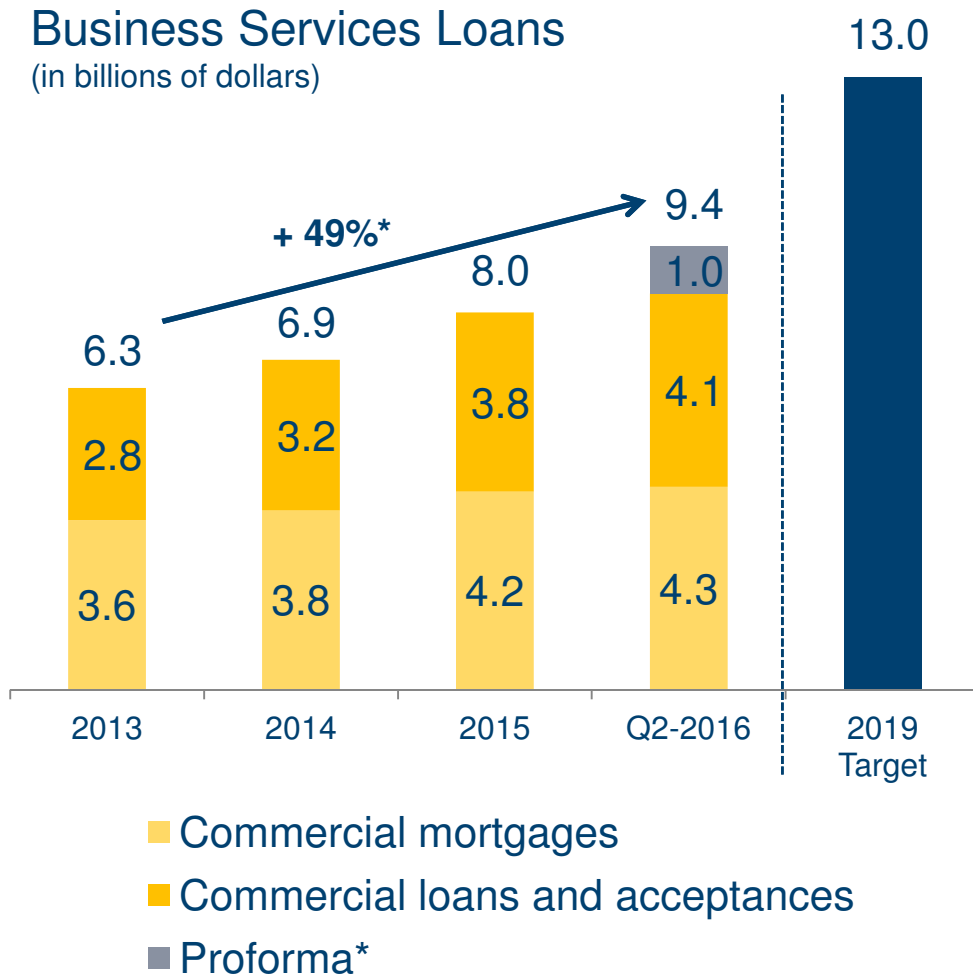
- Laurentian Bank of Canada (LBC) has entered into an agreement to acquire CIT's Canadian Equipment Financing and Corporate Financing activities, a portfolio of approximately \$1 billion ("CIT Canada")
- CIT Canada is a leading player in the equipment finance and corporate finance sectors across the country – operating for over 25 years with approximately 140 employees
- Concurrent with this acquisition, the Bank has entered into a "bought deal" agreement with Underwriters providing for financing in the amount of \$135 million of subscription receipts. Subscription receipts will be exchanged for common shares and the offering proceeds released to the Bank upon closing of the acquisition
- The transaction is expected to be modestly accretive to the Bank's adjusted earnings per share in 2017 and accretive to adjusted EPS by approximately 4% in 2018
- The acquisition is expected to close in fiscal Q4 2016, subject to customary closing conditions
- Laurentian Bank will create LBC Capital, a wholly owned subsidiary, to consolidate all the equipment finance activities of LBC and CIT Canada

Accelerates the growth of Business Services, broadens our offering and positions LBC Capital to capitalize on the large \$79 billion¹ Canadian equipment finance market



1- According to CFLA (Canadian Finance and Leasing Association), the total Equipment Finance market in 2014 was estimated at \$79B in total outstanding, with approximately \$25B in new business volume generated during the same period. In the last two years, the market has grown on average by 7%.

Momentum in Business Services



- Over the past 2 and a half years:

- Business Services loans have increased by 33% and by 49% on a pro forma* basis
- Commercial loans and acceptances have increased by 49%
- Commercial mortgages have increased by 19%



* Including acquisition of CIT Canada

CIT Canada is a strong strategic fit

**Aligned with
our strategy**

- **Aligned with our Transformation Plan**
 - Increases Business Services in the Bank Mix
 - Supports one of the Bank's growth engines by adding a \$1 billion portfolio to Business Services
 - Increases Business Services portfolio by 12% to \$9.4 billion (pro forma Q2-2016)
 - Advances Business Services towards its 2019 target of \$13 billion of assets
- **Strengthens the Bank's position in the equipment financing market**
 - Complements the Bank's current offering and customer base
 - Adds vendor and dealer financing capabilities along with over 750 programs and relationships
 - Builds on the Bank's competitive advantages of expertise and specialisation
- **Expands the pan-Canadian footprint**
 - Increases geographic diversification

**Improves scope
and scale**



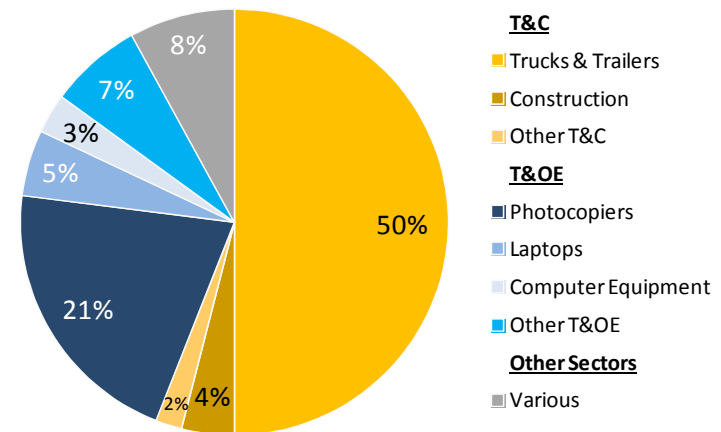
Overview of CIT Canada's Equipment Financing Activities

as of March 31, 2016

Equipment Finance ~ \$700 million of Assets

- Book consists primarily of small-ticket commercial financing and leasing products to small and middle market businesses
 - Diversified book with average ticket size of ~\$80k with over 16k customers
- Acquisition diversifies the Business Services platform by adding vendor-dealer financing capabilities with more than 750 active vendor-dealer relationships
- Segmentation of the equipment finance portfolio
 - Transportation & Construction – T&C (56%)
 - Equipment financing for companies and owner/operators across a variety of industries
 - Technology and Office Equipment – T&OE (36%)
 - Business equipment sales financing for manufacturers/distributors and lease financing directly for end-user customers
 - Other Sectors (8%)

Portfolio composition



Overview of CIT Canada's Corporate Financing Activities

as of March 31, 2016

Corporate Finance ~ \$300 million of Assets

- **Renewable Energy and Infrastructure (57%)**
 - Experienced lender, advisor and arranger of infrastructure and renewable energy financing projects
 - Portfolio includes solar power, wind power and infrastructure project finance

- **Sponsor Finance (43%)**
 - Delivers financing solutions to support Canadian financing activities of private equity funds and growth aspirations of Canadian middle market borrowers
 - Cash-flow-based or collateral-backed senior debt financing to Canadian businesses across a wide variety of industries



10 critical path elements drive our transformation plan

- 1 Optimize and simplify Retail Service offerings
- 2 Rebuild a proper account management platform
- 3 Create proper distribution
- 4 Increase Business Services in Bank Mix**
- 5 Ensure growth through independent advisors
- 6 Focus LBS & Capital Markets on profitable businesses
- 7 Develop new brand elements
- 8 Reduce size and scope of corporate functions
- 9 Build a culture based on performance
- 10 Replicate successes across Canada

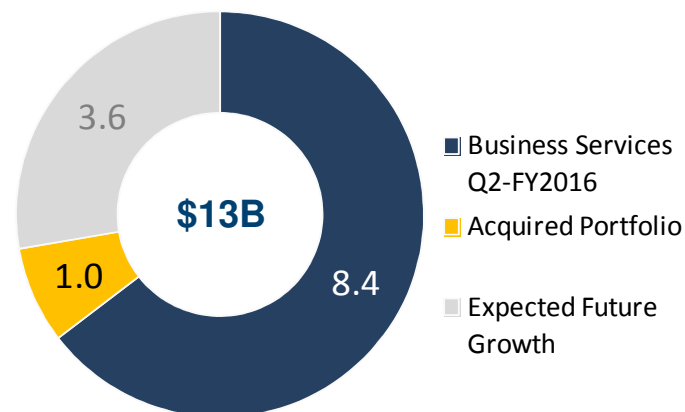


4 Increase Business Services in Bank mix

- Acquisition of CIT Canada's activities adds \$1 billion of diverse and attractive yielding assets to Business Services, advancing towards the 2019 target of \$13 billion
 - 12% increase of the Business Services portfolio to \$9.4 billion¹
 - Business Services assets within the Bank immediately increases from 27% to 29%¹
- LBC Capital achieves critical mass and ranks among the important players in the industry
 - Consolidation of the LBC and CIT Equipment Finance assets create a \$1 billion equipment finance portfolio

*Proforma as of April 30, 2016
In C\$ billions, unless otherwise stated*

Business Services FY2019 Target



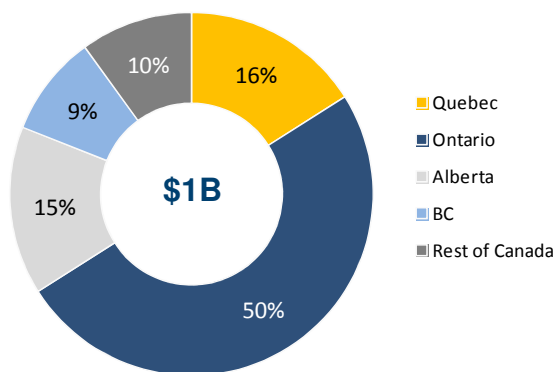
1- Proforma Q2-2016 as a % of loans

Expand our pan-Canadian footprint

- CIT Canada has a national platform
 - Head office in Burlington, Ontario
 - Presence in Vancouver, Calgary, Toronto and Montreal
 - National coverage via its more than 750 active vendor-dealer relationships
- Acquisition of CIT Canada's activities contributes to the geographic diversification of Business Services

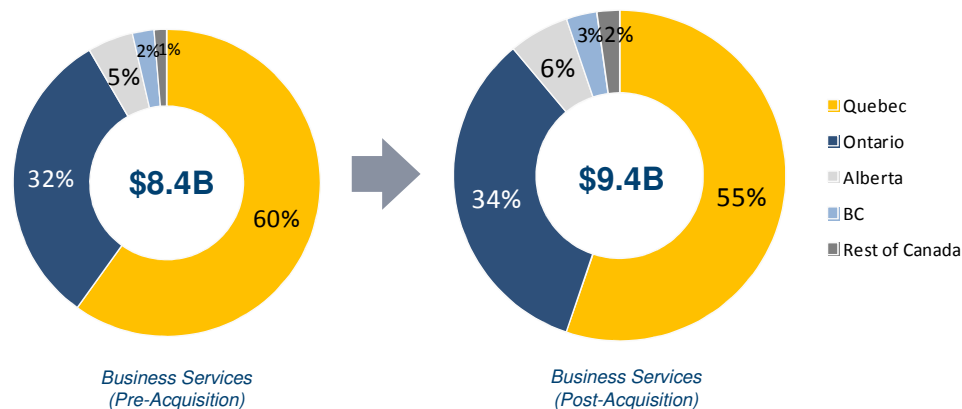
CIT Canada Asset Mix by Province

As of March 31, 2016
In C\$ billions, unless otherwise stated



Geographical Expansion of LBC Business Services

Proforma Q2-FY2016
In C\$ billions, unless otherwise stated



Attractive financial profile

Valuation	<ul style="list-style-type: none">▪ Purchase price based on the fair market value of assets and is within the context of the market
Consideration	<ul style="list-style-type: none">▪ Issuing \$135 million of subscription receipts at \$47.85. The Subscription receipts will be exchangeable into common shares of the Bank upon closing of the acquisition▪ Using existing balance sheet liquidity▪ Potentially securitizing some equipment finance assets
Impact on Capital	<ul style="list-style-type: none">▪ Common Equity Tier 1 ratio expected to be maintained at the pre-transaction level
Synergies and Costs	<ul style="list-style-type: none">▪ Operational efficiencies expected to be realized▪ Approximately \$25 million - \$30 million of transaction and integration costs to be substantially incurred by the end of calendar 2017
Accretion	<ul style="list-style-type: none">▪ Expected to be modestly accretive to the Bank's adjusted earnings per share in 2017 and accretive to adjusted EPS by approximately 4% in 2018



Acquisition will contribute to achieving mid-term objectives

Adjusted Financial Performance		Expected Impact of Acquisition
Diluted EPS	Grow by 5% to 10% annually	✓
Efficiency Ratio	< 68% by 2019	✓
Operating Leverage	Positive	✓
ROE	14% by 2019	✓
Leverage the Bank's Key Growth Drivers		Expected Impact of Acquisition
Loans to Business Customers	Grow by more than 60% to \$13B by 2019	✓
Residential Mortgage Loans Through B2B Bank Independent Brokers and Advisors	Grow by more than 50% to \$9B by 2019	
Mutual Funds to Retail Clients	Grow by more than 80% to \$6B by 2019	
Assets Under Management at Laurentian Bank Securities	Grow by more than 25% to \$4B by 2019	



(1) Growth compared to October 31, 2015.

Key Takeaways

- Acquisition aligned with Laurentian Bank's transformation plan
- Accelerates the growth of Business Services
- Strengthens Laurentian Bank's position as a national player in the equipment financing sector
- Improves the profitability of Laurentian Bank



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