



LAURENTIAN
BANK

Implementing our Business Plan

**Raymond McManus,
President & CEO
Laurentian Bank of Canada**

Scotia Capital Financials Summit 2005

September 13, 2005



- **Our business plan is showing concrete results with significant improvements in core net earnings for the 3rd quarter 2005**
- **Net interest margin continues to increase and loan and deposit volumes are growing**
- **Payout ratio now stands at 53% and is closer to the level of the other Canadian Banks**

A Clear Geographical and Business Focus



LAURENTIAN
BANK

- **Laurentian Bank 's main market is Quebec:**
 - With 157 retail, 20 commercial and 5 brokerage branches, Quebec is LB 's main market in which we are active in all our business lines

- **A performing niche player across Canada:**
 - In sectors and markets in which LB excels and has a competitive edge, that is: B2B Trust, Commercial Financial Services, Indirect point of sales network, as well as Laurentian Bank Securities
 - ✓ 35% of LB 's total loans are originated outside Quebec (as of October 31, 2004)

Business Initiatives Supporting Growth



LAURENTIAN
BANK

- Complete repositioning of the Bank
- Entrepreneurship model: employee accountability and autonomy
- Development of a completely new concept of branches (Financial Services Boutiques) and opening of 6 Boutiques to date (2 others to be opened by the end of this year)
- Close to 20% of the Retail Financial Services branch network will have been renovated by the end of 2005
- Opening of new commercial and Laurentian Bank Securities branches
- Exclusive Banking ABMs in Montreal Metro
- Development of new partnerships to ensure growth
 - Industrial Alliance
 - Western Union
 - Bank-café Espresso with Van Houtte
- Set foundations for the development of a lasting partnership with our Union

Turning a Perceived Negative into a Positive



LAURENTIAN
BANK

“In the coming months, we will appeal to all our members and their families to make Laurentian Bank their business institution of choice if they are currently clients of a non-unionized financial institution.”

**Serge Cadieux, VP
FTQ and Director for
Quebec, Office and
Professional
Employees Union**

Forming a Lasting Partnership with our Union

- New collective agreement in force since last March, which will be valid until the end of December 2007
- We are working closely with our Union in order to concretely improve our labour relations and to develop a real partnership with the Union representing our employees

New Financial Product Offering

- LB's new Banking Products and Services Program to 550,000 FTQ members to be officially announced in Q4

Change in Laurentian Bank's Top Management Structure



LAURENTIAN
BANK

- All operations of the 3 main business lines (Retail, Commercial and B2B Trust) are now grouped under the responsibility of Mr. Réjean Robitaille in order to:
 - ✓ Benefit from additional business synergies between Retail Financial Services, Commercial Financial Services and B2B Trust
 - ✓ Accelerate our business plan

Performance to Date



LAURENTIAN
BANK

Performance Measure	9 Months Period Ended July 31, 2005 Actual	2005 Annual Target
Return on Equity	6.8% (5.7% from continuing operations) ²	4.5% to 5.5%
Earnings per Share	\$1.47 (\$1.24 from continuing operations) ²	\$1.30 to \$1.60
Total Revenue	\$368M	\$480M to \$490M
Efficiency Ratio	76.8%	79% to 77.5%
Capital Ratios		
- Tier 1	10.1%	Min of 9.5%
- Total	12.7%	Min of 13.0%
Credit Quality (PCL Ratio) ¹	0.23%	0.25% to 0.22%

- **2005 Performance is on target for ROE, net earnings, total revenue, efficiency ratio and credit quality**
- **Revenues positively impacted by higher NIM as well as loan and deposit growth**
- **Measures implemented have increased profitability and demonstrate our ability to execute on the plan**

(1) PCL ratio is calculated over Average Assets

(2) For Q3-05: excluding increase in value of the investment in seed capital of \$0.6M resulting from the sale of BLC-EdR in Q1-05

For Q2-05: excluding the change in value of the investment in seed capital of -\$0.3M held as a result of the sale of BLC-Edmond de Rothschild in Q1-05

For Q1-05: excluding the gain on the sale of BLC-Edmond de Rothschild of \$9.8M (\$8.1M or \$0.35/share net of income taxes)

For Q1-05: excluding the securities write-down of \$4.4M (\$2.9M or \$0.12/share net of income taxes)

Highlights Q3-05 versus Q3-04



LAURENTIAN
BANK

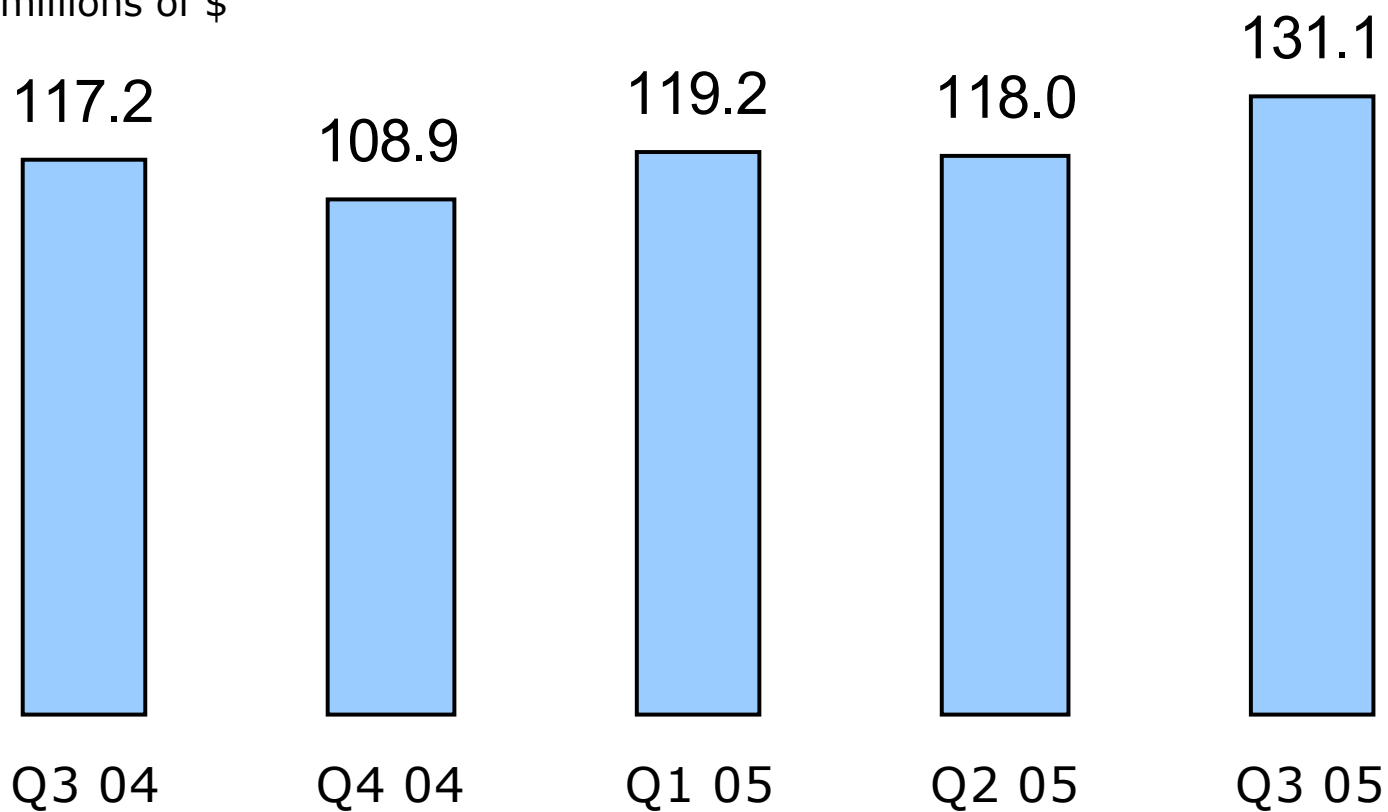
	GAAP Q3-05	GAAP Q3-04	Change
⇒ Increase in net interest income	\$85.5M	\$64.3M	\$21.2M
⇒ NIM improvement	2.06%	1.59%	+47 b.p.
⇒ Efficiency ratio improvement	75.1%	78.1%	-300 b.p.
⇒ Higher EPS from continuing operations	\$0.52	\$0.31	\$0.21
⇒ Higher ROE from continuing operations	7.1%	4.20%	+290 b.p.

Total Operating Revenues



LAURENTIAN
BANK

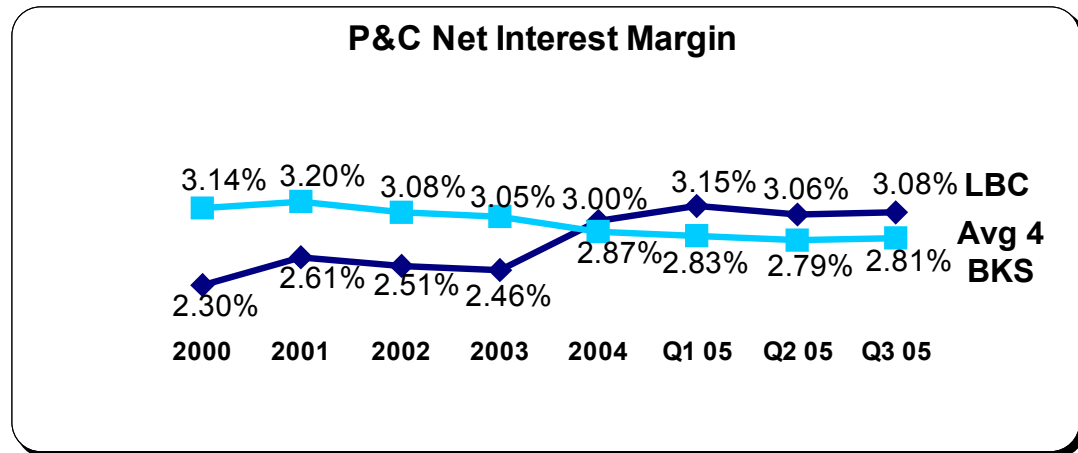
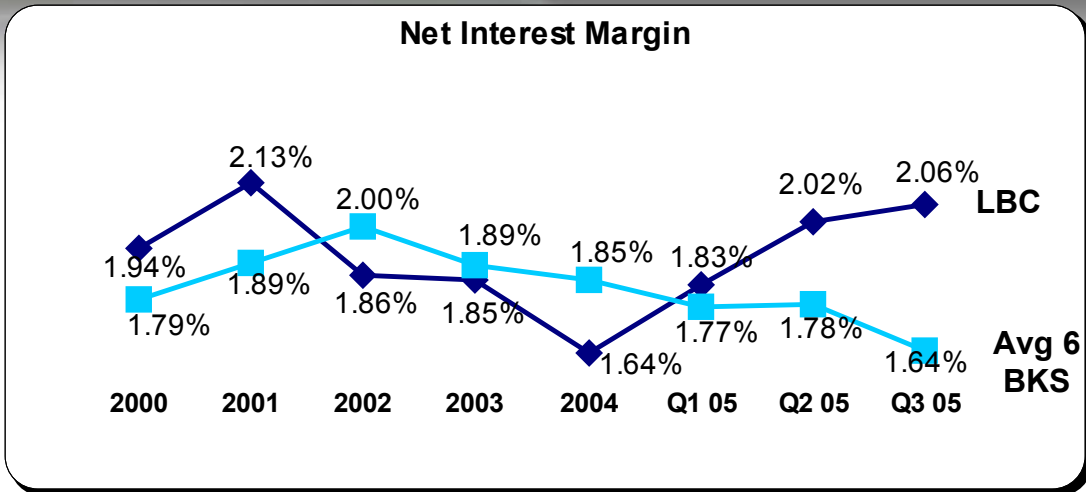
In millions of \$



Bank's NIM Major Improvement



For the first 9 months of 2005, there has been a significant increase in the Bank's net interest margin coming mostly from tighter asset and liability management



For P&C NIM:

Includes Retail & Commercial Services but not B2B Trust and is calculated on average assets

Excluding Scotia (reported numbers only based on average earnings assets)

Excluding TD because only P&C average loans available

For 2000 and 2001, excluding NBC because P&C average assets not reported

Loan and Deposit Growth



LAURENTIAN
BANK

In million of dollars	Growth (\$million)			Growth %		
	Q3 05/Q2 05	Q3 05/Q3 04	Q3 05/Q2 05	Q3 05/Q3 04		
Loans						
Personal	77.9	242.8	2%	7%		
Residential mortgages*	144.1	391.5	3%	7%		
Commercial mortgages	8.5	-57.4	1%	-9%		
Commercial and acceptance	11.8	37.2	1%	2%		
Total Loans	242.3	614.1	2%	5%		
Deposits						
Personal	-33.0	198.3	0%	2%		
Business and other	142.0	215.9	6%	9%		
Total Deposits	109.0	414.2	1%	3%		

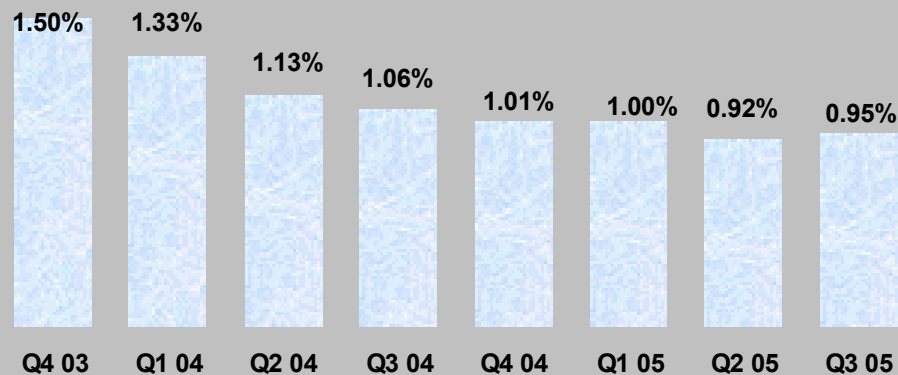
* After securitization of \$101M of residential mortgages in Q3-05

Credit Quality Remains Strong

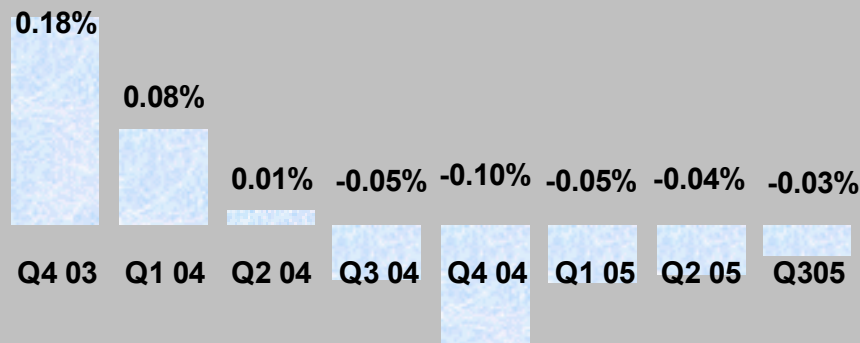


LAURENTIAN
BANK

Gross Impaired Loans as a % of Gross Loans, BA's & Reverse Repos



Net Impaired Loans as a % of Net Loans, BA's & Reverse Repos



- **In Q3 2005, gross impaired loans have decreased by \$15M or 11% compared with Q3 2004**
- **Provisions continue to exceed our impaired loans**

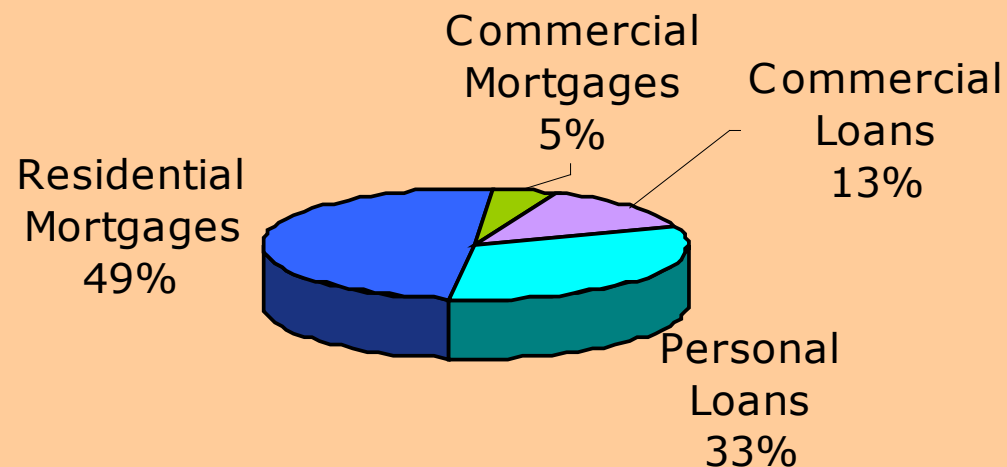
Diversification of Loan Portfolio



LAURENTIAN
BANK

Loan Portfolio Mix

Loan Portfolio As of July 31, 2005



At October 31st, 2004, 35% of our loan portfolio were originated from outside of Quebec.

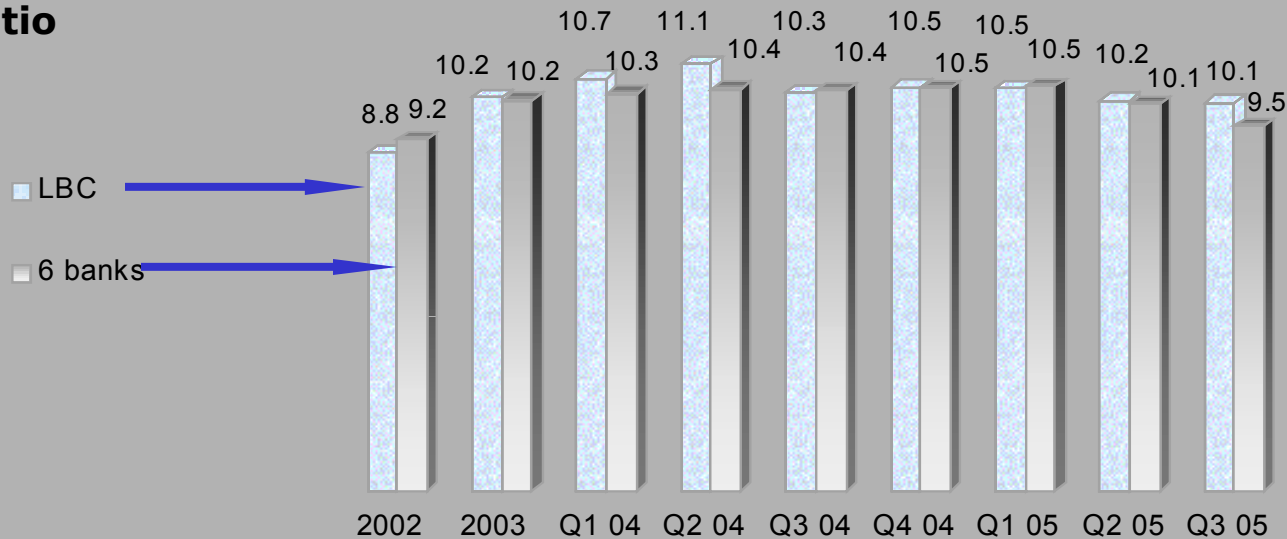
Our loan portfolio is diversified geographically and within different loan types.

Strong Capital Ratios Maintained

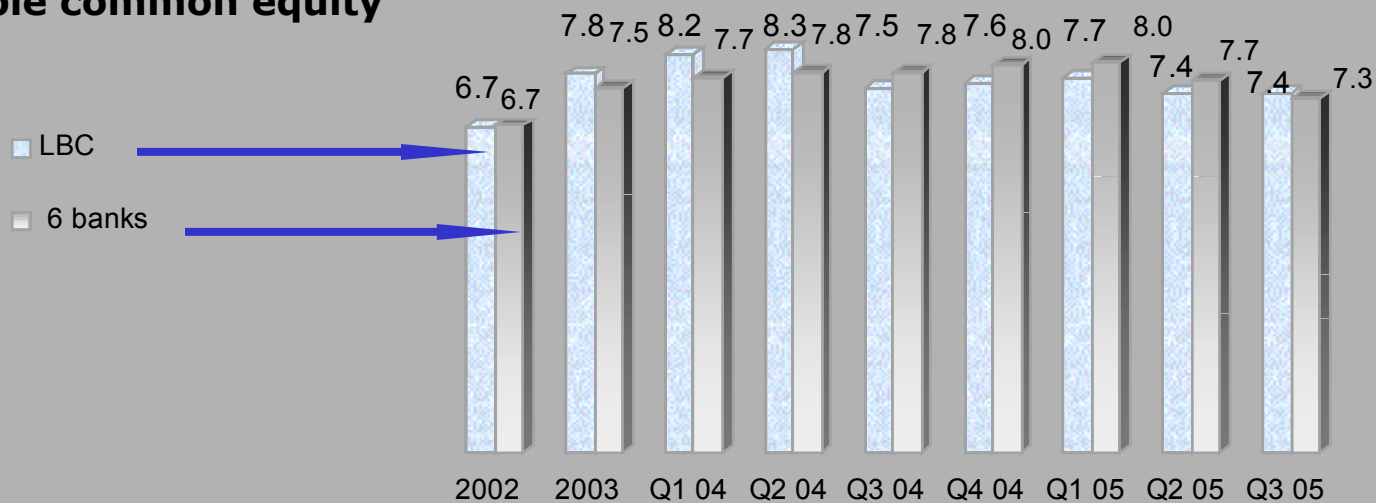


LAURENTIAN
BANK

Tier 1 ratio



Tangible common equity



Sale of BLC-Edmond de Rothschild in Q1-05



LAURENTIAN
BANK

Potential future revenues

- \$5.2M per year if annual net sales reach \$50M for a maximum of \$26.2M over a 5-year period
- Additional \$8.3M bonus payment if cumulative net sales reach \$350M by the end of year 5



LAURENTIAN
BANK

Retail Financial Services

Key Success Factors to Retail Financial Services



LAURENTIAN
BANK

- **Launching of the Entrepreneurship model starting in 2003**
 - ✓ Regroupment of branches under 25 local area markets of about 5-8 branches
 - ✓ Re-assignment of branch managers at each branch
 - ✓ Development of adapted local strategies and services (opening hours, local marketing, community involvement,...)
- **Building on culture of high quality of service**
 - ✓ Reinforcing the importance of treating clients like invited guests
 - ✓ Continue to differentiate with our personalised service
 - ✓ Developing stronger sales abilities
- **Re-investments in our physical assets and in the development of our human resources**
 - ✓ Opening of new branches and large renovation program
 - ✓ Investments in training

RFS 2005 Business Development Activities



LAURENTIAN
BANK



Marketing

- New non-traditional and challenging corporate brand positioning and slogan "Dare"
- Integrated-media advertising campaigns
- Launching of new products
- Several direct marketing campaigns with the use of our data warehouse

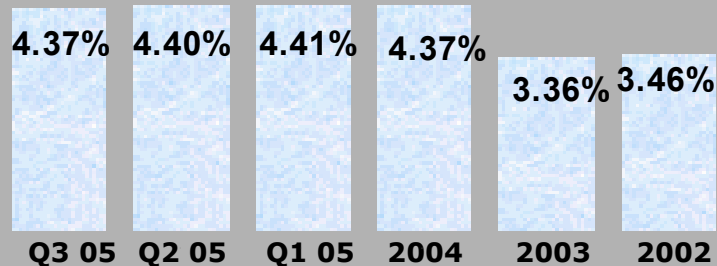
Other

- Deployment of Western Union money transfer and payment services to the entire branch network. This exclusive partnership started in mid-June 2005.

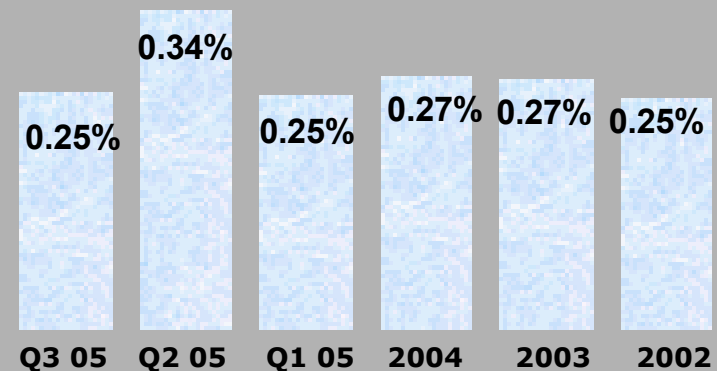
Retail Financial Services Performance



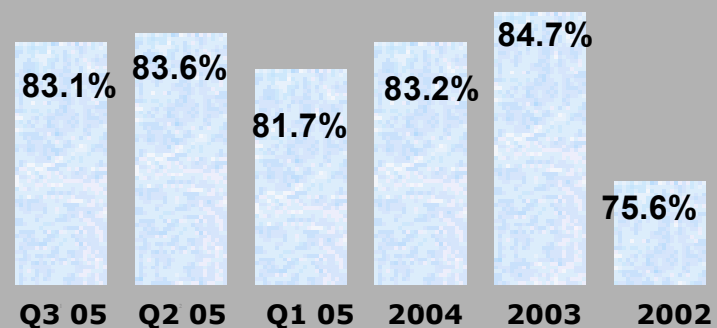
Total operating revenue as a % of ave assets



PCL as a % of average loans



Efficiency ratio



- In Q3 2005, 5% rise in total operating revenue over Q2 2005
- On a year over year basis, the 6% rise in total operating revenue comes from the growth in loans and deposits portfolio
- In Q3 2005, PCL ratio decreased due to lower loan losses compared to Q2 2005
- Efficiency ratio improved slightly during Q3 2005 versus Q2 2005 due to higher total operating revenue



LAURENTIAN
BANK

Commercial Financial Services



Vision

- Commitment to *Relationship Banking* where the Bank provides core financial services to small and medium-sized businesses, real estate promoters and agricultural entrepreneurs

Strategy

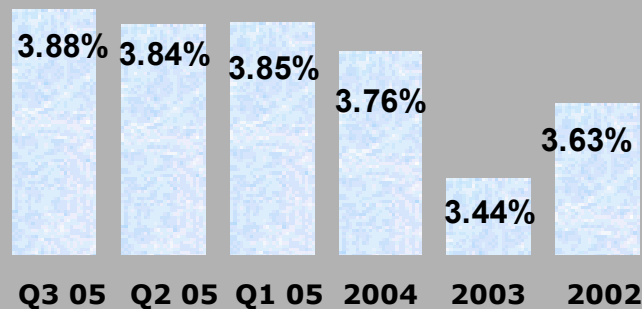
- In Quebec, our goal is to be present in most segments of the market
- Outside Quebec, we are a niche player in specific fields of expertise

Commercial Financial Services

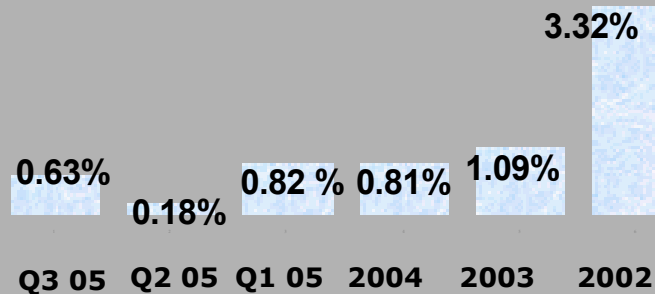


LAURENTIAN
BANK

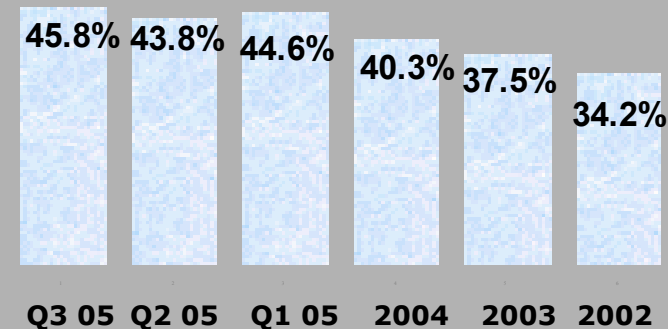
Total operating revenue as a % of ave assets



PCL as a % of average loans



Efficiency ratio



- Higher NII in Q3 2005 resulting from a longer quarter versus Q2 2005
- Total operating revenue remains stable compared to Q3 2004
- Higher PCL in Q3 2005 versus Q2 2005 as a result of recoveries in Q2 2005 of some previously reserved loans
- In Q3 2005, rise in efficiency ratio due to higher non-interest expenses versus Q2 2005

Commercial Financial Services



LAURENTIAN
BANK

Geographical Distribution - Q3-2005

	Québec	Ontario	Western Cda
Real Estate	35%	58%	7%
Mid-Market	61%	39%	0%
Agriculture	100%	0%	0%

Corporate lending was transferred to treasury in Q1-2005

Relative Contribution

July 31, 2005

	% of Net Income	Efficiency Ratio	Avg O/S (\$M)	PCL (%) ²
Real Estate	39%	23.7%	820	0.52%
Mid-Market Quebec ¹	31%	34.1%	719	0.67%
Mid-Market Ontario	27%	18.4%	479	0.47%
Agriculture	3%	55.5%	147	0.07%

(1) Excludes small business lending but includes corporate lending

(2) PCL as of % of business lines average assets

- Real Estate continues to perform very well
- Farm lending group continues to grow as average asset rose by 7% since the beginning of this year
- Quebec Commercial mid-market group opened a second new Business Center on the North-Shore of Montreal during Q3 2005. The first one was opened on the South-Shore of Montreal in Q2 2005.
- Different marketing and promotional activities are on-going



LAURENTIAN
BANK

B2B Trust



Strategic review in May 2005

- Focus on high potential relationships/markets
- Build a solid organizational foundation that can support accelerated future growth
- Continuously improve the operational efficiency baseline
- Increase sales and marketing efforts through mutual fund and insurance industries
- Continuously evaluate new distribution opportunities
- Selectively use technology to improve capacity, service levels or to reduce costs

Four of the ten largest mutual fund manufacturers have investment loans programs with B2B Trust: CI, Franklin Templeton, Dynamic and AIC



Developments during Q3 2005

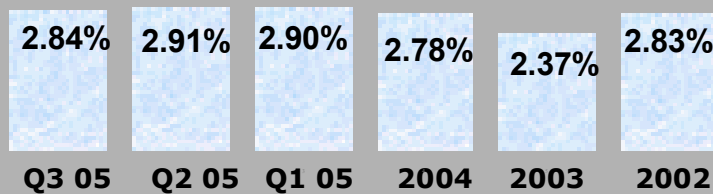
- Improvement of 100% Accelerator Investment Loan product: increase of the maximum loan amount from \$50k to \$100k
- Increase business development and marketing efforts
- Focus on simplifying processes: simpler forms and quicker response time

B2B Trust Performance

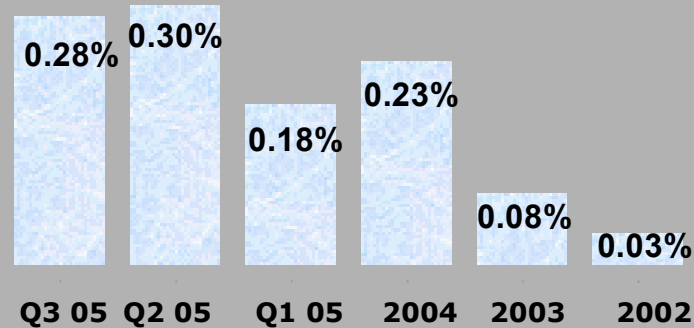


LAURENTIAN
BANK

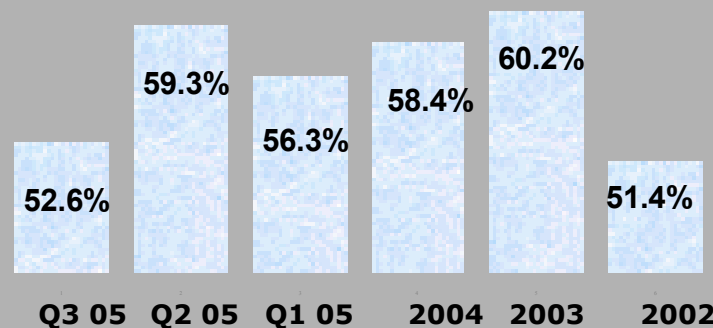
Total operating revenue as a % of average assets



PCL as a % of average loans



Efficiency ratio



- In Q3 2005, slight rise in total operating revenue and average assets versus Q2 2005
- On a year over year basis, total operating revenue increased by 14% resulting from higher NII and the rise in loan volume
- In Q3 2005, PCL remained at the same level compared to Q2 2005
- Improvement in efficiency ratio in Q3 2005 coming from higher total operating revenue and lower non-interest expenses due to lower seasonal expenses linked to the RRSP versus Q2 2005.



LAURENTIAN
BANK

Laurentian Bank Securities

Laurentian Bank Securities' Strategy



LAURENTIAN
BANK

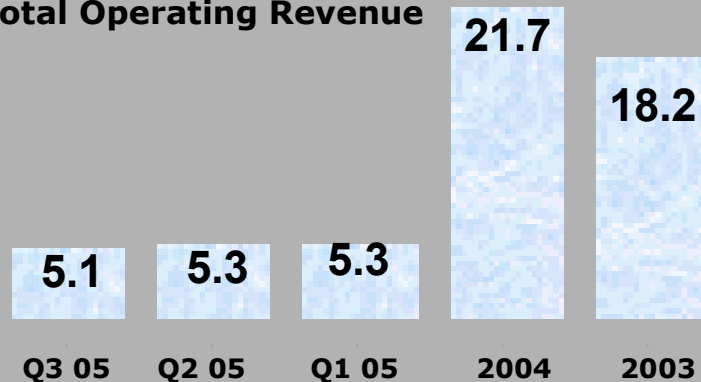
- Expand the discount brokerage client base using the established transactional platform complementing the retail bank investment product offering
- Pursue the expansion of our institutional fixed income offering
- Develop the corresponding network offering; increase client base

Laurentian Bank Securities recently launched a new discretionary portfolio management product called M3, Multidimensional Managed Account Program

Laurentian Bank Securities' Performance



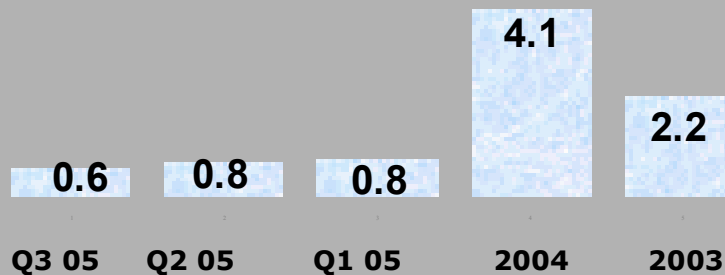
Total Operating Revenue



Excluding a gain of \$8.5M before income tax on the sale of TSX shares for 2003

Excluding Wealth Management

Net Income



Excluding a \$6.7M after-tax gain on the sale of TSX shares for 2003

- In Q3 2005, lower revenues and net income compared to the previous quarter due to seasonal factors and higher development expenses
- LBS is opening new offices with the first one in last June on the South-Shore of Montreal
- In Q3 2005, AUM have increased by 3% amounting to \$1.4 billion for the full service brokerage and 4% totalizing \$78 million for the discount sector over Q2 2005



" The growth in loan and deposit volumes realized in the quarter demonstrates the progress we are making in the implementation of our plan."

Raymond McManus

□ Areas of competitive advantages

- Direct Retail Financial Services in Quebec
- Quality of service: two surveys in 2004 showed LB's leadership position in Retail and Commercial Financial Services
- Indirect Retail Financial Services across Canada (Point-of-sale financing and deposit agents)
- Wholesaling of financial services to independent financial advisors through B2B Trust across Canada



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

- **Strategic focus and flexibility**
 - Selective regional positioning
 - Niche and partnership approach
 - Experienced management team and committed employees
 - Quality and efficiency of our products and services



“ We strongly believe in our business plan and it is now showing tangible results.”

Raymond McManus

- **We have adapted a focused strategy**
- **We will continue to build on our accomplishments**
- **The key going forward is committed employees in the execution of our business plan**

Forward Looking Statements



LAURENTIAN
BANK

This presentation and related communications may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Laurentian Bank. These statements are subject to a number of risks and uncertainties. Actual results may differ from results contemplated by the forward-looking statements. Such differences may be caused by factors which include, among others, global 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 and technological change. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. The Laurentian Bank does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

For questions on this presentation, please call:

Gladys Caron, Vice-President, Public Affairs, Communications and Investor Relations



LAURENTIAN
BANK

Q & A



LAURENTIAN
BANK

Appendices

Laurentian Bank - Key Characteristics and Overview



LAURENTIAN
BANK

- Founded in 1846
- 3rd largest financial institution in Quebec in terms of number of branches
- 7th largest Canadian Schedule 1 chartered bank
- Balance sheet assets: \$16.1 billion (as of July 31, 2005)
- Assets under administration: \$13.8 billion (as of July 31, 2005)
- Number of branches: 157
- Number of full-time equivalent employees: 3,252 (as of July 31, 2005)



Laurentian Bank's vision is to become the undisputed #3 banking institution in Quebec and a highly performing niche player across Canada

Distribution Network Across Canada



LAURENTIAN BANK

RETAIL FINANCIAL SERVICES REGIONS

- Branch network Quebec
- Mortgage through brokers Across Canada
- Mortgage through builders Quebec
- Point-of-sale financing Across Canada
- VISA Across Canada
- Deposit through brokers Across Canada
- Small business Quebec

B2B TRUST

- Across Canada

COMMERCIAL FINANCIAL SERVICES REGIONS

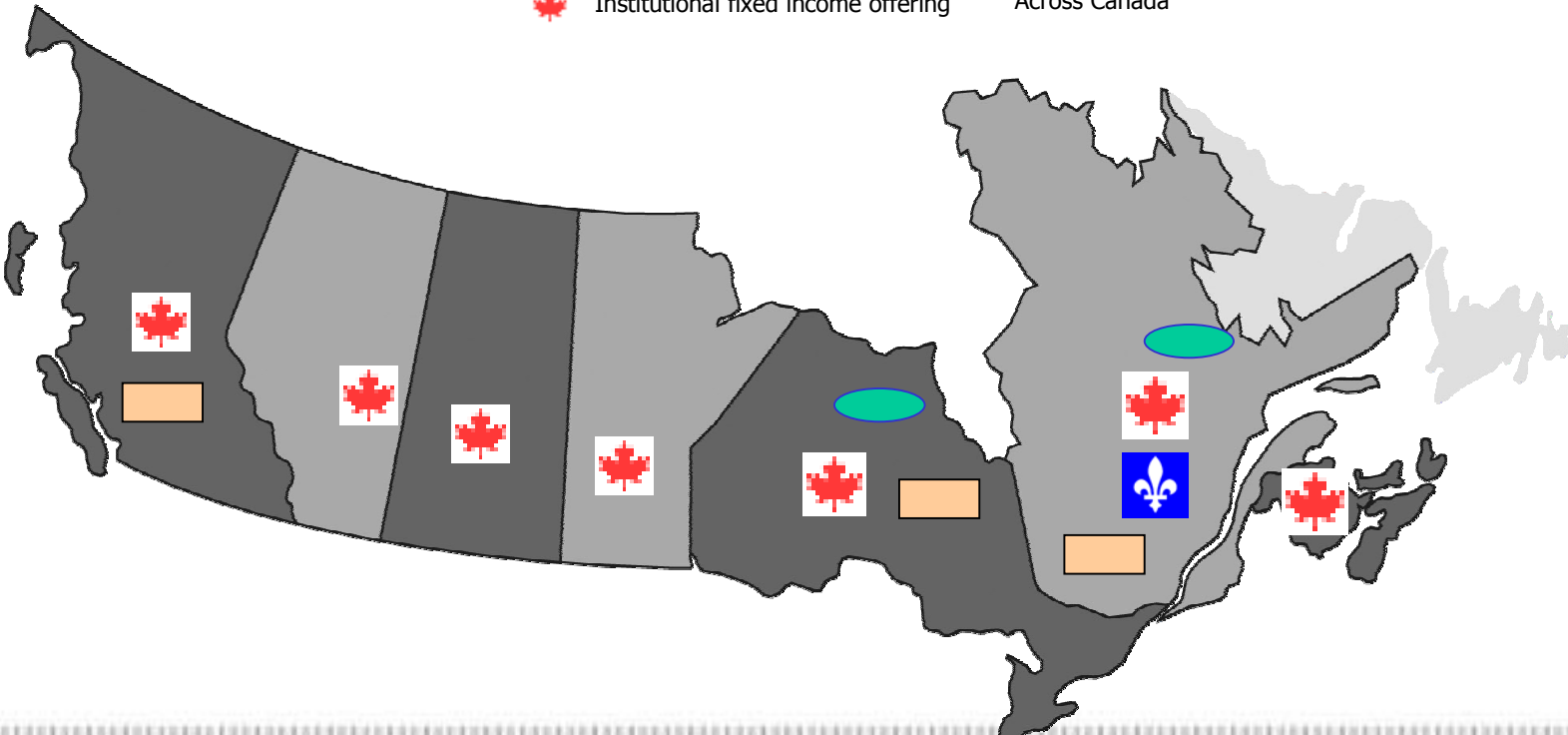
- Commercial services Quebec and Ontario
- Corporate lending Across Canada
- Real estate lending Major cities across Canada
- Farm lending Quebec

LAURENTIAN BANK SECURITIES REGIONS

- Full Service Quebec, Ontario and British Columbia
- Discount Quebec and Ontario
- Institutional fixed income offering Across Canada

Highlights:

- **35% of total loans are outside Quebec (as of October 31, 2004)**
- As of July 31, 2005:**
- **3,992 point of sales**
- **157 branches**
- **more than 13,000 independent advisors**





□ 4 lines of business

□ **Retail financial services:**

- ✓ 3rd position in Quebec in terms of number of branches where we are focussing our expansion strategy
- ✓ Leader in point-of-sale financing across Canada

□ **Commercial financial services:**

- ✓ Relationship banker: Quebec commercial lending and farm lending
- ✓ Niche player in other markets: real estate financing across Canada, commercial lending - Ontario



□ 4 lines of business

□ **B2B Trust:**

- ✓ Provider of financial products and services designed to be marketed either by independent financial advisors or by distributors under their private label
- ✓ A leader in Self-Directed RSP's and a leading supplier in broker deposits
- ✓ Partner with independent financial advisors

□ **Laurentian Bank Securities:**

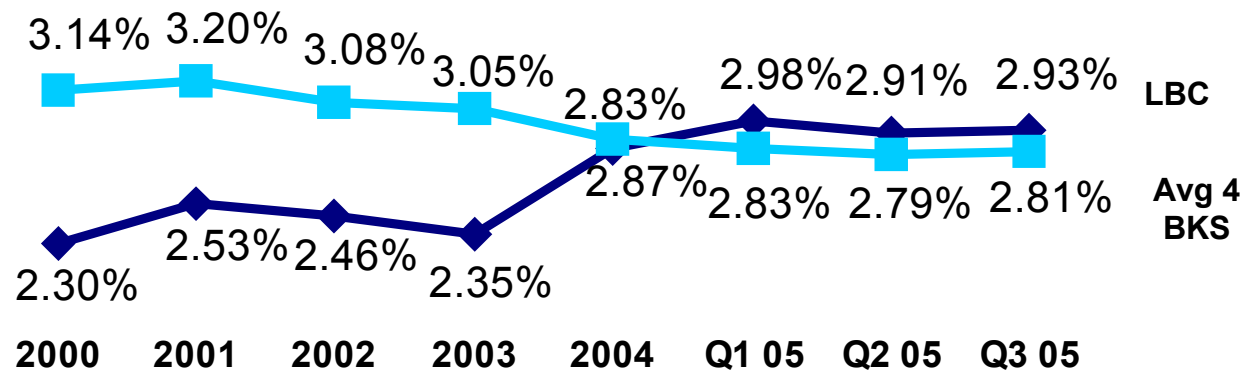
- ✓ Full-service broker
- ✓ Discount brokerage
- ✓ Institutional fixed income offering

Bank's P&C NIM including B2B Trust



LAURENTIAN
BANK

P&C Net Interest Margin



For P&C NIM:

Includes Retail & Commercial Services and B2B Trust and is calculated on average assets

Excluding Scotia (reported numbers only based on average earnings assets)

Excluding TD because only P&C average loans available

For 2000 and 2001, excluding NBC because P&C average assets not reported