LAURENTIAN BANK
OF CANADA

NATIONAL BANK FINANCIAL –
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PRESENTATION BY RÉJEAN ROBITAILLE

(Slide 1-2) Good afternoon Ladies and Gentlemen:

Thank you Rob for having invited me to present at this Financial Services Conference.

I am pleased to be with you today to make an overview of the Bank's strategies as well as to present our recent results.

(Slide 3) As you know, I have been appointed President and Chief Executive Officer of Laurentian Bank since Mid-December and I am convinced that the Bank's development and growth must be achieved in continuity with the business plan to which I actively contributed over the last three years.

In fact, the Bank will continue its development by pursuing a highly focused strategy, in terms of targeted markets and business sectors.

Today, our retail network is the third largest in Quebec in terms of the number of branches, and we are recognized as a performing player in specific market segments elsewhere in Canada.

Our strategic decisions and the significant business development plan that we have deployed allowed us to get back on the road to growth. If we look at our results over the period from 2004 to 2006, income from continuing operations improved by 64%.

That being said, there is still a lot to be done. The Bank must continue to improve in order to reach the level of profitability worthy of its capacities. For that, we have established three priorities.

(Slide 4) They are:

- Increase our profitability;
- Improve our operational efficiency; and
- Further develop our human capital.

First, in order to improve profitability, we need to increase our revenues. In this respect, our strategy is based on internal growth. For instance, we focus on increasing sales of high-margin products such as credit cards, credit insurance and mutual funds, and enhancing cross-sales.

We also intend to improve the asset mix and generate higher other income.

Secondly, we see a potential for the optimization of our operations at every level of our organization in order to improve our efficiency.
In 2007, we will channel considerable effort into reviewing and revising our key processes.

We will definitely focus more energy on growth-generating activities, yet maintain proper control over our expenses. In short, we will target greater efficiency in our overall operations while continuing to offer the quality of service that has become a hallmark of Laurentian Bank.

Finally, our employees are the Bank's most important asset and a key factor in attaining our objectives. We therefore need to develop and promote their talents and skills at every level of the organization.

By implementing a more efficient performance management approach that is backed by concrete measures, I am convinced that we will be able to optimize the contribution of each employee to the development of the Bank's operations. We are seeking to gradually instill a greater performance culture within our organization.

(Slide 5) You will see in the next few slides that profitability is increasing.

(Slide 6) Compared to the same quarter last year, our 2007 first quarter results showed an improvement of 6% in total revenue and of 23% in net income from continuing operations. Earnings per share from continuing operations of $0.74 per share were up 28% compared to the same period a year ago.

The first quarters of 2006 and 2007 also included special elements.

If we exclude all these items, earnings per share from continuing operations would be $0.70 in the first quarter of 2007 versus $0.44 in the same quarter of the previous year, representing a growth of 59%.

So as you can see, we are on the right track.

(Slide 7) One of the main reasons behind our improved profitability is definitely the increase in net interest margin. It went from 1.64% in 2004 to 2.27% in the first quarter of this year.

Our tighter asset and liability management strategy allowed us to improve our net interest margin, mainly in 2005 and 2006. Since then, growth in our loan and deposit volumes became the main contributor to the improvement in our net interest margin. Other elements such as liquidity management strategies, the continuing impact of our tighter asset and liability management, as well as transactions on the subordinated debentures in 2006, also contributed to this improvement, but to a lesser extent.

(Slide 8) In general, the majority of our products showed sustained growth over the last twelve months. Our strategy to focus on high margin products contributes to the change in our portfolio mix, allowing us to generate more profitable revenues.

- For example, the volume of investment loans provided by B2B Trust increased by 20%;
- And the Commercial mortgage loans were up 14%.

These two products are on the rise and contribute positively to our profitability.

Only on the loan side, if we add up the growth in loan amounts, the total would be close to $1 billion, showing that we can generate internal growth.

(Slide 9) Our loan portfolio is mainly composed of residential mortgages and personal loans and, to a lesser extent, commercial loans and commercial mortgage loans.

The significant proportion of insured mortgages strengthens our balance sheet as more than half of residential mortgage loans were insured at the end of the first quarter of 2007.

You may also see that nearly 40% of our total loan portfolio is generated outside Quebec. We are benefiting from this diversification as our revenues elsewhere in Canada originate mainly from the Commercial and B2B Trust segments that deliver strong performance.

(Slide 10) With respect to credit quality, our net impaired loans now stand at minus $2.8 million, compared to minus $2.7 million for the same quarter in 2006, and to plus $5.4 million at the end of 2006.

Even though there is still room for improvement, our credit quality situation is definitely much better than it was in 2003 when our net impaired loans were at plus $22 million.

(Slide 11) The balance of the 2006 Federal Budget was adopted and the issue related to minimum tax on financial institutions is now in effect. Consequently, we no longer have to pay the Part VI minimum tax requirement and are now able to use our tax assets to reduce income tax payable.

Overall, we have benefited from the latest tax adjustments and were able to ensure more efficient tax management.

We expect our effective tax rate to be around 27% in the following quarters.

(Slide 12) As I said earlier, efficiency is one of our top priorities.

(Slide 13) This chart shows the major improvements over the last three years. At 73.7% for the last quarter, the efficiency ratio is within our 75% to 73.5% target for the year. We will definitely continue to focus on this indicator, which reflects our skills in executing our strategies and managing our operations.

But our efficiency priority is not only a question of ratio. It is our commitment to make sure that each dollar is well spent and that all operations are efficiently managed.

That being said, a special project has been launched to this effect. It covers the entire organization and is designed to define the measures necessary to improve our efficiency.

Besides, we provide our employees with tools that will help them further improve their efficiency. More specifically, in 2007, we will upgrade and renew most of our information technology equipment and software. This project is already under way.

(Slide 14) As I mentioned earlier, our employees are our most important asset.

(Slide 15) This is why we have adopted a new employee performance management approach. With this approach, each employee’s objectives are directly linked to overall corporate objectives, and must be clear and measurable. Personally, I strongly believe that what can be measured, can be improved.

Performance management also calls for a strong involvement of our managers, which includes coaching of their employees, follow-up on the set objectives and recognition of performance results. General training on the new system has already been given to all managers, and additional in-depth training program will be offered in the following months.

(Slide 16) As for our first quarter 2007 results, I can say that we are on target.

(Slide 17) In fact, the Bank had a solid quarter. Earnings per share were at $0.74, representing an improvement of 25% compared to the same quarter last year, return on equity reached 9.4% and our efficiency ratio was at 73.7%. These results compare favourably with our 2007 objectives.

We had a good start in the first quarter but it takes four good quarters to make a good year. Going forward, I just want to point out the cyclical nature of the Bank's revenues, namely for the second quarter, which is a shorter one.

(Slide 18) Our four lines of business each showed good results in the last quarter, contributing to the improvement of our profitability. Their portfolio growth was a strong factor in such improvement.

(Slide 19) Retail Financial Services focuses on strategies that promote sales of high-margin products, for example, credit cards, mutual funds and credit insurance.

We continue to optimize our retail network. To date, 25% of our branches have been renovated or relocated. Other branch renovation projects are planned for this year.

Moreover, we focus on improving our administrative processes and on developing employee skills and competencies.

(Slide 20) Retail Financial Services is our main contributor in terms of revenue. Total revenue increased by 4% compared to the same quarter last year to amount to $91.1 million, and net income grew by 43% to generate $9.3 million, mainly as a result of higher other income and of our strategies and actions to increase our loan and deposit volumes. We saw a 6% growth in total loans and a 3% growth in total deposits over the same quarter last year. Growth in residential mortgages was particularly interesting with an increase of 8%, or $427 million.

Our RRSP season campaign generated very good results. In fact, as of today, we have exceeded last year's results and we are well on our way to make it a new record.

(Slide 21) Commercial Financial Services continue to grow its small- and medium-sized business sector, which is our target clientele. We also plan to enhance our products and services offering.

Further development of our distribution network is one of our priorities. Therefore, we have opened a new Commercial Banking Centre in Montreal at the beginning of this fiscal year.

In line with our strategy, we have reentered the CMBS originator market with a securitization transaction concluded in February.

We also plan to increase synergies with Retail Financial Services in order to benefit from cross-selling.

(Slide 22) Commercial Financial Services' stronger performance compared to the first quarter of 2006 is mainly due to higher loan volumes and lower non-interest expenses. Total loan portfolio grew by 6% over the same quarter last year. This business line mainly benefited from the strong performance in the Real Estate Financing group. Its portfolio grew by $133 million over last year, an increase of 13%.

We have completed organizational restructuring in the sector to accelerate the development of this business line. In order to create concrete synergies, the Quebec Small and Medium Enterprises and Farm Lending sectors now report to Luc Bernard, head of Retail Financial Services.

On the other hand, all Ontario and Western Commercial operations have been grouped under the leadership of a Toronto-based senior executive.

(Slide 23) B2B Trust pursued its growth strategies, focusing on increasing the number of distribution alliances and improving the logistical support of all its current alliances. Lately, B2B Trust signed three new distribution agreements including its partnership with Fidelity, which brings the total number of distribution agreements to 47.

B2B Trust serves more than 16,000 advisors. By focusing on core products and business relationships, and by being fully dedicated to providing quality products and services to the financial advisor community, this business line continues to prove its niche market strength.

(Slide 24) B2B Trust had good results in the first quarter of 2007. Total revenue rose by 8% over the first quarter of 2006 to reach $22.6 million coming from both loan and deposit volume growth. Total loans were up 10%. B2B Trust’s main product, investment loans, rose by $247 million. On the deposit side, its deposit broker business increased by $284 million.

Net income was up 34% over last year to $7.4 million as a result of higher total revenue and, to a lesser extent, lower loan losses on the personal line of credit portfolio and lower non-interest expenses.

(Slide 25) Two of Laurentian Bank Securities’ priorities for 2007 are to pursue the development of its institutional equity operations and the growth of its retail brokerage franchise. This business line will also continue to develop institutional fixed-income operations, building on its expertise and experience of many years.

(Slide 26) Laurentian Bank Securities performed well during the first quarter of 2007. Its total revenue increased by 19%, reaching $9 million, compared to last year’s first quarter. Net income improved by 45% to amount to $1 million.

(Slide 27) To conclude, we will maintain the focus on our three priorities to pursue the Bank’s development and growth and to improve our performance. This would be impossible without the ongoing commitment and dedication of all our employees.

We want to make sure that the Bank shows continued growth and improvement while maintaining investments in our franchise network and in business development so that we can manage both for the short and long term.

To achieve this goal, precise execution is key. We are committed to meet our objectives and to continue to improve the Bank’s results in the future.

Thank you for your attention. I would be glad to answer your questions now.