

**NOTES FOR A SPEECH BY RÉJEAN ROBITAILLE, PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
TO THE NATIONAL BANK FINANCIAL'S CANADIAN FINANCIAL SERVICES
CONFERENCE
ON MARCH 30, 2010 AT CENTRE MT-ROYAL IN MONTRÉAL**

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National Bank Financial Conference

March 30, 2010

Good afternoon ladies and gentlemen.

Thank you, Sunny, for the invitation to this Financial Services Conference. I would like to take this opportunity to discuss how the combination of Laurentian Bank's strength and the agility, with which we put our strategies into effect, constitutes a real advantage that contributed to our recent successes and positions us well for long-term sustainable development. As well, I will give you an update on the actions that we are taking and the investments that we are making, to take advantage of the opportunities that should arise as the economy recovers.

I will start with a snapshot of four main elements that constitute strengths at Laurentian Bank. First, our balance sheet serves as a solid foundation. Our Tier 1 capital ratio at the end of the first quarter of 2010 was 11.0% and our tangible common equity ratio was 9.1%, demonstrating the high quality of our capital. These strong ratios allowed us to generate loan and BA growth of 15% over the last 12 months. Contributing to this growth was a 25% increase in residential mortgages, benefiting from our effective distribution channels and strong underwriting activity. Total deposits increased by almost \$3 billion over the last 12 months, mainly composed of personal deposits, one of the cheapest sources of funds. Both our short-term and long-term growth rates are strong. Over the past three fiscal years, loans increased by 28% and deposits by 40%. This was accomplished thanks to the progressive investments we made in our distribution channels, products and marketing strategies and was done without sacrificing credit quality.

Second, the diversification of our \$16 billion loan portfolio is a source of strength. Geographically, 39% of our loans are outside of Quebec. Sectorally, 47% of the portfolio consists of low risk residential mortgages, with personal loans accounting for 34%. Furthermore, our \$1.3 billion commercial mortgage portfolio is well diversified across commercial, office buildings, shopping centers and industrial properties, while our \$1.8

billion portfolio of commercial loans and BAs, includes a wide range of industries with no specific industry representing more than 20% of the overall portfolio. Our focus on diversification will continue to support our prudent approach to risk management as we pursue growth opportunities.

Third, our solid business model is based on our four strong business segments which allow for diversification of our activities. Our three main sectors each represent approximately a third of our profitability.

The first and largest business segment is Retail and SME Quebec, which accounted for 33% of the Bank's profitability in the first quarter of 2010, earning \$12.6 million. With the third largest branch network in Quebec, we have been able to generate strong loan and deposit volumes, while maintaining prudent underwriting standards. At the end of the first quarter of 2010, average loans were \$11.5 billion and average deposits were \$8.4 billion.

Our second operating unit is Real Estate & Commercial, with net income of \$12.7 million in the first quarter of 2010 and accounting for 33% of the Bank's profitability. Our team of real estate financing specialists, located across Canada, provides construction and term loans. Through offices in Quebec and Ontario, we offer commercial financing for medium-sized enterprises. At the end of the first quarter of 2010, average loans were \$2.5 billion and average deposits were almost half a billion dollars.

B2B Trust is our third business segment. In the first quarter of 2010, with \$11.1 million of net income, it accounted for 29% of our earnings. B2B Trust has emerged as a leader within the financial intermediary community, serving more than 15,000 independent financial advisors. It also has a leadership position in the investment loan sector with its products distributed by several companies. At the end of the first quarter of 2010, B2B Trust's average loans were \$4.7 billion and average deposits were \$9.0 billion.

Laurentian Bank Securities and Capital Markets is our fourth business unit, earning \$1.8 million in the first quarter of 2010. We have been very pleased with the strong

performance of the Institutional Fixed Income division and improvements in the Retail and Institutional Equity divisions. Client's brokerage assets reached \$2.1 billion at the end of the first quarter of 2010.

Finally, our strategic priorities which drive our growth and development are solid and have proven to be working.

In fact, we met or exceeded all of the objectives that we had established for fiscal 2009 and posted record net income of \$113.1 million, a 10% increase over fiscal 2008.

Our strong performance continued in the first quarter of 2010, with net income increasing by 28% year-over-year. Total revenue grew by 15% and thanks to positive operating leverage, our efficiency ratio improved by 400 basis points year-over-year to 66.7%. While we recognize that we only have one quarter under our belt, the results to date suggest that we are on track so far to achieve our 2010 objectives. We also recognize that in order to attain these objectives, as well as the long-term sustainable development of the Bank, we must continue to strategically invest in our businesses.

Before discussing this, let's have a look at the last 3 years. Net income grew by 20% while earnings per share increased by 22%. And this was achieved despite operating through a financial crisis of historic proportion. Moreover, we are the sole Canadian bank to have reported increased earnings per share during each of the five previous years.

Now, back to our investments. It is crucial to nurture our Retail banking and SME Quebec operation. Today, with 156 branches, we have a very solid position within the Quebec retail banking segment. Our presence in the Montreal region is particularly strong, operating 100 branches, with 65 on the island of Montreal alone. Over the past 5 years, 30% of the Bank's branches have benefitted from major modification in order to enhance our client's branch banking experience. Our disciplined approach to investing in our branch network will continue.

In addition, we have invested in our business intelligence tools, such that our retail operations now enjoy a significant competitive edge. Having become more familiar with the profile of our clients and their behaviours, we are in a position to be more proactive in serving their needs and personalizing our approach.

Our retail clients are also benefiting from our investment in mobile banking services, with mortgage and investment product specialists, who are available to meet with them at home. This is not only convenient for our clients, but allows us to expand our client base and increase the number of products sold.

Furthermore, our retail customers can take advantage of one of our customer service features, whereby an advisor is accessible by phone and email and who is personally assigned to them. This is unique in the banking industry and is attracting a loyal customer base.

Within B2B Trust, our objective is to continue to build operational excellence, in order to fulfill the needs of the 15,000 financial advisors that rely on B2B Trust to support their client's requirements. Last year, we also invested in our electronic platform, EASE, to accelerate the processing of investment loan applications filed by advisors on behalf of their clients. These investments should allow us to expand both the number of financial advisors that deal with us and the number of products that these advisors sell to their clients; a win-win situation. Through B2B Trust, we have built a structure that will support significant growth.

Within Laurentian Bank Securities, we have been building on the profitability of our Fixed Income operations and we have invested in the development of our other business lines over the past few years. Specifically, we have invested in growing the number of advisors in our Retail Brokerage operation, and we now have 90 advisors, double the number that we had 5 years ago. We are also gradually investing in our Institutional Equity division. With 8 analysts, covering 50 small cap companies, we are already beginning to reap the benefits, being involved in 15 new issues over the past year. Therefore, all the business lines within LBS are now positioned to contribute to our profitability.

Moreover, as we increase the number of financial planners in the branches to enlarge our share of wallet, and as we expand the number of commercial account managers to provide improved and more specialized service, and as we add to the number of retail brokers in Laurentian Bank Securities to help diversify our revenues, we ensure that all employees are well equipped to deliver superior client service, thereby enabling the Bank to deliver sustainable growth.

While solidity is core, our incremental strength is agility.

I would like to share a few examples of how our agility has resulted in significant opportunities. In 2009, this strength resulted in Laurentian Bank being granted the exclusive contract to operate 72 ATMs in the Montreal metro, where daily commuters total one million. Today, we have 406 ATMs, 40% more than 5 years ago. This provides excellent visibility for our bank and reinforces our presence in our target market.

Our agility leads to Laurentian Bank positioning itself as a Family Bank, namely with our unique concept of financial service boutiques. This sets us apart from our competition, producing high levels of satisfaction among our clients and contributing to business development.

Our agility permits Laurentian Bank Securities to carve out profitable niches within the securities business. Specifically, we excel in Fixed Income operations and are building a profitable Institutional equities business, focussing on small cap companies. Our progress has been impressive.

During the financial crisis, our agility served us particularly well. First, it allowed us to be responsive to the needs of our clients when we quickly rolled out B2B Trust's High Interest Investment Account. This product proved exceptionally successful, attracting over \$3 billion in deposits. Second, it enabled us to rapidly take steps to address our margin that had severely contracted under the pressure of historically low interest rates. Our initiatives resulted in margins rebounding sharply within a period of only 2 quarters. Third, it allowed our Real Estate financing group to take advantage of high quality

opportunities in the market created by the withdrawal of several firms, thereby significantly increasing their loan and deposit portfolios.

While the combination of our strength and agility served us well during tough times, it will surely allow us to take further advantage of additional opportunities as the economy recovers. Thus our agility, a rather unique quality within the banking industry, in combination with the strength of our balance sheet, of our business segments, and of our strategic priorities, will guide our investments and ensure sustainable growth and development.

I thank you for your attention and I welcome your questions.