

INVESTOR PRESENTATION

First Quarter 2020



Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, we may, from time to time, make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may include, but are not limited to, statements regarding our business plan and financial objectives including statements contained in our 2019 Annual Report under the heading “Outlook”. The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of our 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 are identified with words or phrases such as believe, estimate, forecast, project, expect, anticipate, plan, goal, 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. There is significant risk that the predictions, forecasts, projections or conclusions will prove to be inaccurate, that our assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, projections or conclusions.

We caution readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond our control and the effects of which can be difficult to predict, could cause our actual results to differ materially from the targets, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions; changes in government monetary, fiscal or economic policies; changes in currency and interest rates; legislative and regulatory developments, including tax legislation and interpretation; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; changes in competition; modifications to credit ratings; scarcity of human resources; developments with respect to labour relations; information technology and cyber security; developments in the technological environment; environmental risk including changes to global environmental policy and the effects of climate change; the possible effects of global conflicts and terrorism, natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; our ability to execute our strategic plans including the reorganization of our retail branches, the modernization of our core banking system and implementation of the Advanced Internal Ratings-Based (AIRB) Approach to credit risk, as well as our ability to anticipate and effectively manage risks arising from the foregoing.

We further caution that the foregoing list of factors is not exhaustive. Other factors and risks could adversely affect our results. For more information on the risks, uncertainties and assumptions that would cause our actual results to differ from current expectations, please also refer to the “Risk Appetite and Risk Management Framework” section of our 2019 Annual Report, as well as to other public filings available at www.sedar.com.

We do not undertake to update any forward-looking statements, whether oral or written, made by us or on our behalf, except to the extent required by securities regulations.

NON-GAAP MEASURES

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. 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 plans and to 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.



FRANÇOIS DESJARDINS

President and Chief Executive Officer



We are rebuilding growth engines

We expect a return to net positive loan growth
by year-end



Stabilizing loan
portfolio



Good growth in
loans to business
customers: +7% y/y



Gaining traction in
underwriting new
residential mortgages



Beginning to see real progress from foundational work

Successful launch of digital offering with
\$1 billion of new deposits



Expand customer base
across Canada



Cross-selling
opportunities



Funding
diversification



Substantial portion of the transformation already behind us

Building a better and different banking experience for our customers



**Focused on finishing
core banking**



**100% Advice model
gaining momentum**



Working on efficiency



Well positioned for the future

Stronger financial institution than ever before



**Strong capital
position**



**Healthy level of
liquidity**



**Industry low loan loss
ratio**



FRANÇOIS LAURIN

Executive Vice-President
And Chief Financial Officer



LAURENTIAN
BANK

FINANCIAL GROUP

FINANCIAL RESULTS

Q1/20 Financial Performance

Adjusted ⁽¹⁾	Q1/20	Q/Q	Y/Y
Net Income (\$M)	\$ 36.9	-23%	-17%
Diluted EPS	\$ 0.79	-25%	-19%
ROE	5.8%	-200 bps	-150 bps
Efficiency Ratio	76.6%	540 bps	260 bps

Reported	Q1/20	Q/Q	Y/Y
Net Income (\$M)	\$ 32.2	-22%	-20%
Diluted EPS	\$ 0.68	-24%	-23%
ROE	5.0%	-160 bps	-150 bps
Efficiency Ratio	79.1%	430 bps	290 bps

Q1/20 Highlights

Y/Y and Q/Q

- Impacted by lower revenues and higher expenses, as well as an increase in provisions for credit losses in the commercial loan portfolio
- Reported measures were impacted mainly by severance charges and items related to business combinations (details on the next page)



(1) Certain measures presented throughout this document exclude amounts designated as adjusting items. Refer to the Non-GAAP Measures appendix for further details.

Adjusting Items in Q1/20

(\$ millions, except per share amounts)	Q1/20			Q4/19			Q1/19		
	Before taxes	After taxes	EPS	Before taxes	After taxes	EPS	Before taxes	After taxes	EPS
Adjusting items									
Restructuring charges									
Severance charges	\$ 2.8	\$ 2.1	\$ 0.05	\$ 1.7	\$ 1.3	\$ 0.03	\$ 1.3	\$ 1.0	\$ 0.02
Other restructuring charges	(0.1)	(0.1)	–	3.7	2.7	0.06	0.7	0.5	0.01
Total restructuring charges	2.7	2.0	0.05	5.4	4.0	0.09	2.0	1.5	0.03
Items related to business combinations									
Amortization of net premium on purchased financial instruments	0.2	0.2	–	0.3	0.2	–	0.4	0.3	0.01
Amortization of acquisition-related intangible assets	3.4	2.5	0.06	3.4	2.4	0.06	3.4	2.6	0.06
Total items related to business combinations	3.6	2.7	0.06	3.7	2.6	0.06	3.9	2.9	0.07
Total adjusting items ⁽¹⁾	\$ 6.4	\$ 4.7	\$ 0.11	\$ 9.1	\$ 6.6	\$ 0.15	\$ 5.9	\$ 4.4	\$ 0.10



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

Total Revenue

(\$ millions)	Q1/20	Q/Q	Y/Y
Net interest income	\$168.8	-3%	-2%
Other income	69.9	2%	—
Total revenue	\$238.7	-1%	-1%

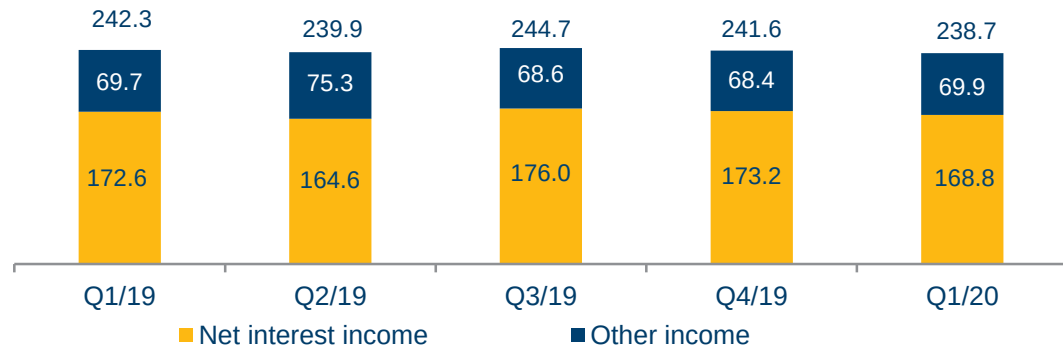
Q1/20 Highlights

Y/Y

- Total revenue down by \$3.6M or by 1%
- Net interest income down by \$3.8M, mainly due to lower loan and deposit volumes, partly offset by an improvement in business mix
- Other income was relatively unchanged (See Other Income slide)

Total Revenue

(\$ millions)



Q/Q

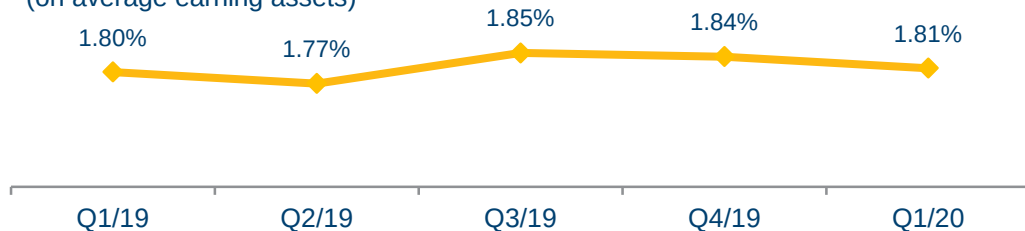
- Total revenue down by \$2.9M or by 1%
- Net interest income down by \$4.4M, mainly due to the impact of the adoption of IFRS 16 on November 1, 2019, the launch of the digital high-interest savings accounts and a lower Prime/BA spread
- Other income up by \$1.5M or by 2% (See Other Income slide)



Net Interest Margin (NIM)

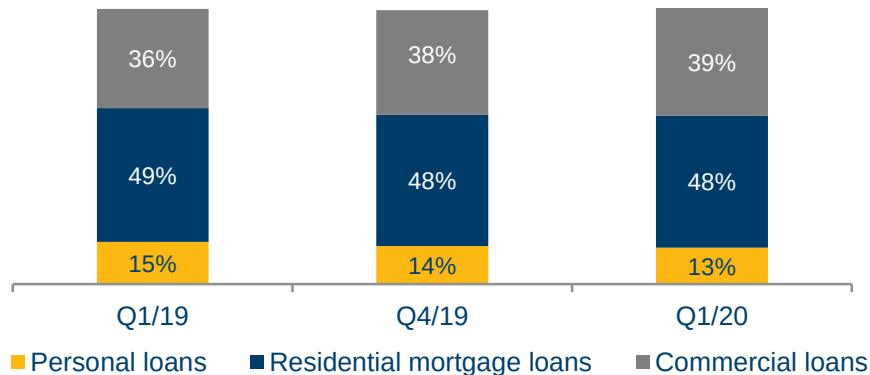
Net Interest Margin

(on average earning assets)



Loan Portfolio Mix

(\$ billions)



Q1/20 Highlights

Y/Y

- NIM up by 1 bp Y/Y mainly as a result of the change in mix in the loan portfolio

Q/Q

- NIM down by 3 bps mainly as a result of:
 - Impact of IFRS 16, Leases
 - Launch of the digital high-interest savings accounts
 - Lower Prime/BA spread



Other Income

(\$ millions)	Q1/20	Q/Q	Y/Y
Lending fees	\$ 15.3	-8%	5%
Commissions from sales of mutual funds	10.9	2%	2%
Fees and securities brokerage commissions	10.6	-11%	6%
Service charges	9.3	-8%	-12%
Card service revenues	8.6	9%	-1%
Income from financial instruments	4.8	923%	45%
Fees on investments accounts	4.2	-7%	-7%
Insurance income, net	3.1	-8%	-16%
Other	3.1	-20%	-17%
	\$ 69.9	2%	—

Q1/20 Highlights

Y/Y

- Other income was relatively unchanged, up by \$0.2M
- Market related revenues up by \$1.5M driven by strong results on capital market fixed income operations. Recovery in Advisory and other Equity revenues also contributed positively to other income
- Service charges down by \$1.2M as a result of the ongoing changes to the retail banking environment and the related client behavior

Q/Q

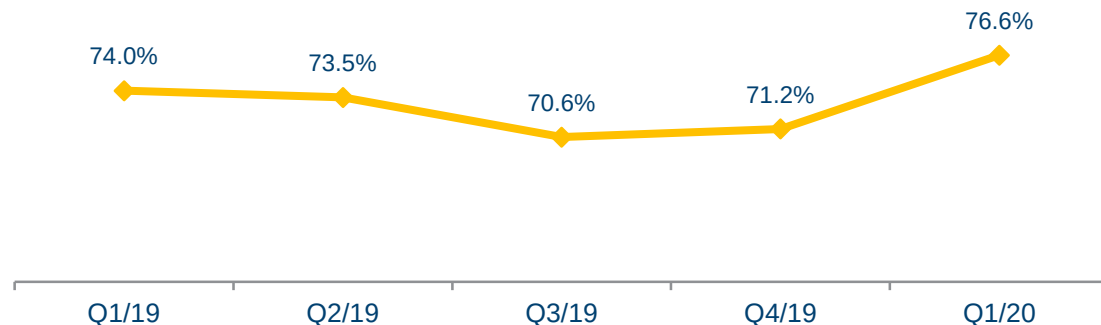
- Other income up by \$1.5M, or 2%, mainly due to the same reasons as above



Adjusted Non-Interest Expenses (NIE)

Adjusted NIE (\$ millions)	Q1/20	Q/Q	Y/Y
Salaries and employee benefits	\$ 95.3	12%	3%
Premises and technology	49.8	2%	1%
Other	37.7	-1%	-1%
	\$ 182.8	6%	2%

Adjusted Efficiency Ratio



Q1/20 Highlights

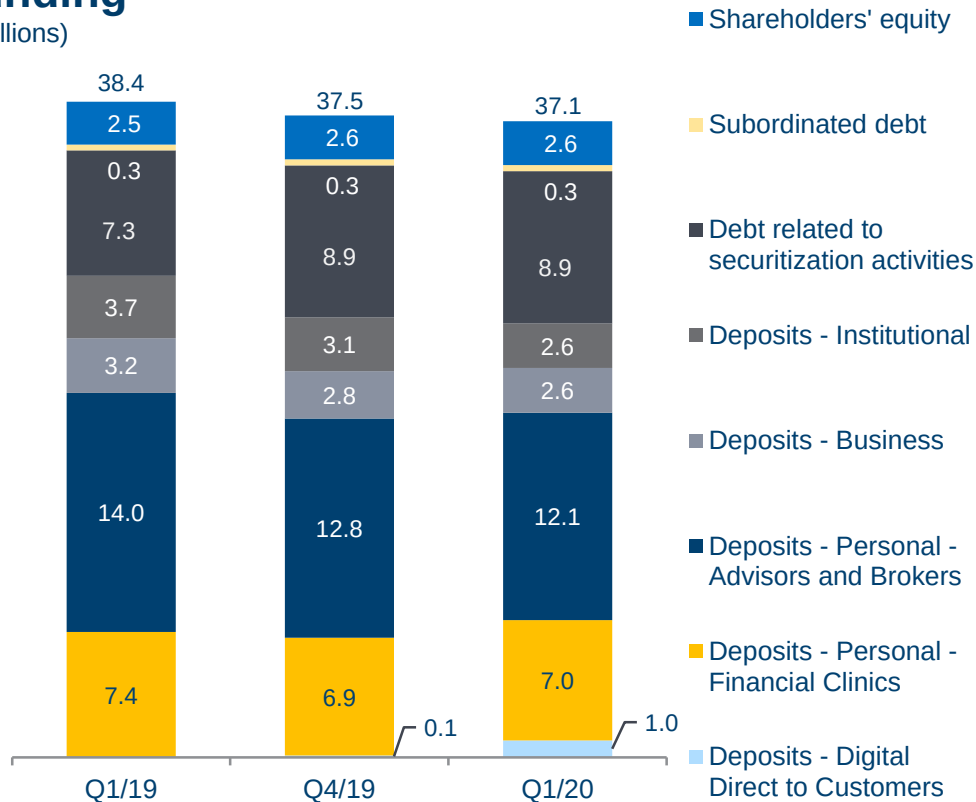
- Adjusted Y/Y up by \$3.5M
 - Salaries and employee benefits up \$3.2M, partly due to higher share-based and performance-based compensation, including a portion related to brokerage operations, as well as other sales driven compensation
 - Premises and technology costs up \$0.7M
 - Other expenses down by \$0.4M due to lower advertising and business development costs
- Adjusted Q/Q up by \$10.8M
 - Salaries and employee benefits up by \$10.5M, mainly due to higher share-based and performance-based compensation partly related to brokerage operations, higher employee benefits, as well as seasonally higher payroll taxes
 - Premises and technology costs up by \$0.8M
 - Other expenses down by \$0.5M



Well Diversified and Stable Sources of Funding

Funding

(\$ billions)



Total deposits decreased by 11% Y/Y and 2% Q/Q mainly as a result of lower asset levels

- Institutional deposits decreased by \$1.1B Y/Y and \$0.5B Q/Q
- Clients deposits decreased by \$2.0B Y/Y as a result of the lower asset level and remained stable Q/Q
 - The successful launch of LBC Digital offering in the first quarter of 2020 generated \$1.0B which was offset by lower term deposits sourced through the Advisor and Broker channel

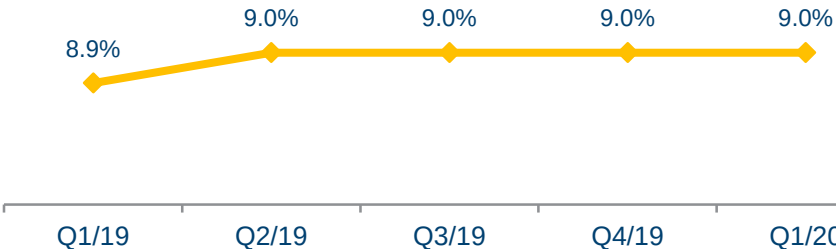
Debt related to securitization remained stable Q/Q, but increased by \$1.6B Y/Y:

- \$1.1B of residential mortgage loans
- \$0.3B of equipment finance loans
- \$0.2B of investment loans

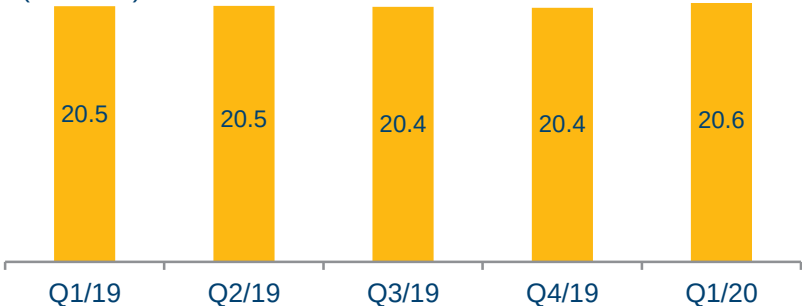


Regulatory Capital

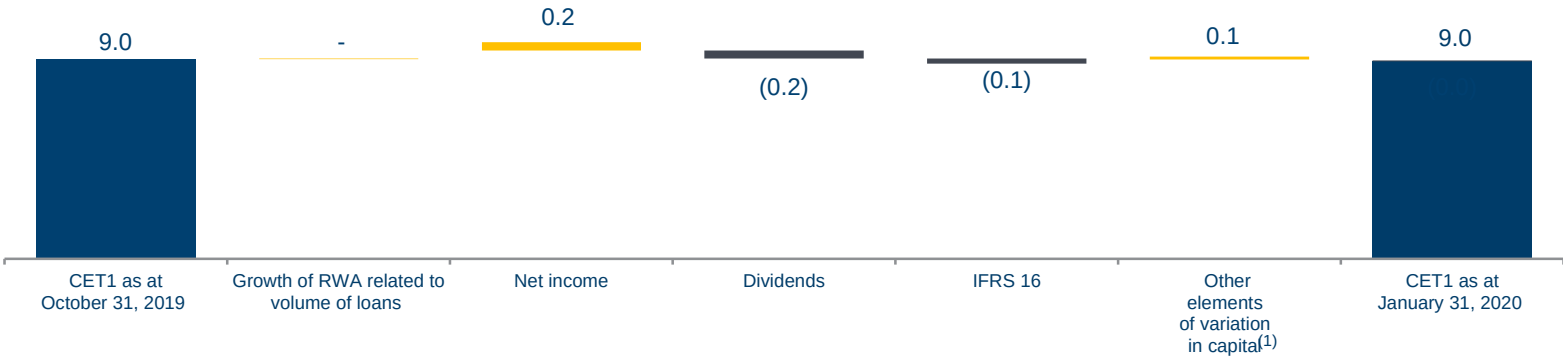
Common Equity Tier 1 Capital Ratio (CET1)



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



Evolution of the CET1 Ratio (in %)



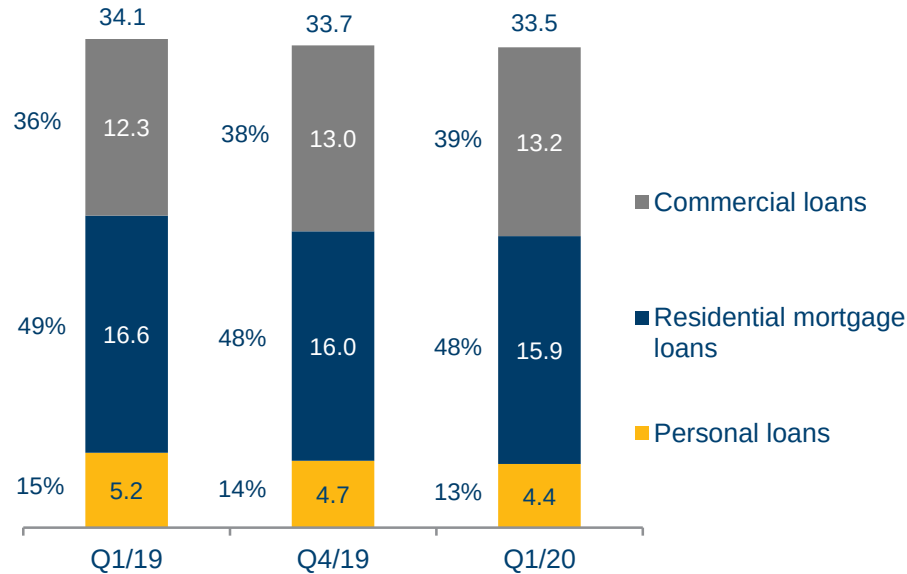
(1) Comprised of deductions for software and other intangible assets, goodwill, pension plan assets and other.

RISK REVIEW

Positioning the Bank for Profitable Growth

Loan Portfolio Mix

(\$ billions)



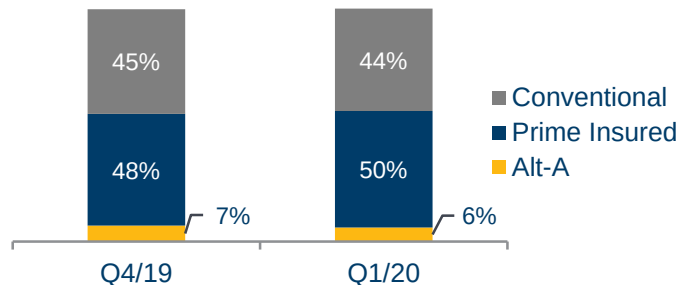
Total loans decreased by \$0.6B Y/Y and are relatively stable Q/Q

- Commercial loans up by 7% Y/Y and by 2% Q/Q. The Q/Q increase is mainly due to inventory financing volumes, as well as equipment financing operations, partly offset by repayments of commercial real estate loans
- Residential mortgage loans down by 4% Y/Y and are relatively stable Q/Q
- Personal loans down by 15% Y/Y and by 5% Q/Q. Decrease is mainly due to the continued reduction in the investment loan portfolio, reflecting the ongoing consumer behavior to reduce leverage



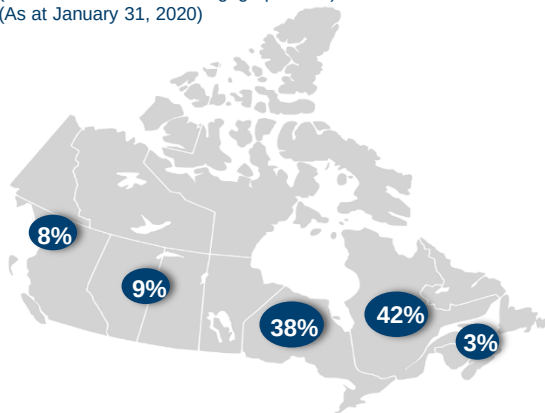
Residential Mortgage Loan Portfolio – High Quality

Insured vs Uninsured



A pan-Canadian Portfolio

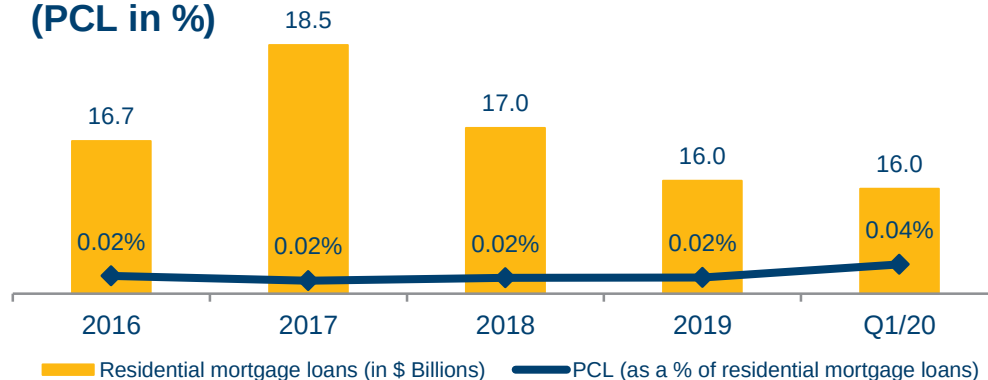
(As a % of residential mortgage portfolio)
(As at January 31, 2020)



Insured, Uninsured & Loan to Value (LTV) by Province – Conservative LTV's

As at January 31, 2020	% of Residential Mortgage Loan Portfolio		LTV % ⁽¹⁾
	Uninsured	Insured	
British Columbia	40%	60%	58%
Alberta & Prairies	19%	81%	71%
Ontario	56%	44%	52%
Quebec	58%	42%	56%
Atlantic Provinces	24%	76%	69%
Total	51%	49%	57%

Strong Credit Quality – Provision for Credit Losses (PCL in %)

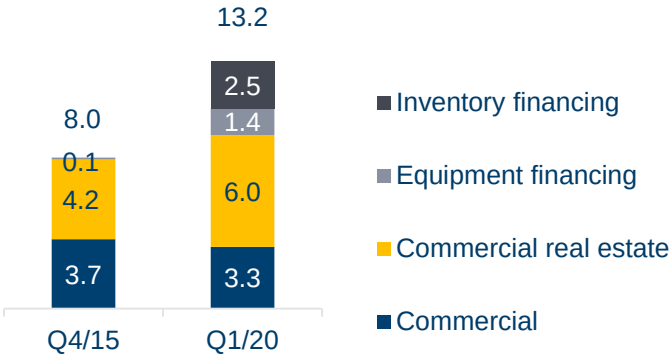


(1) Reflects current estimated value of collateral, including HELOCs.

Commercial Loan Portfolio: Strong, Diversified and Growing

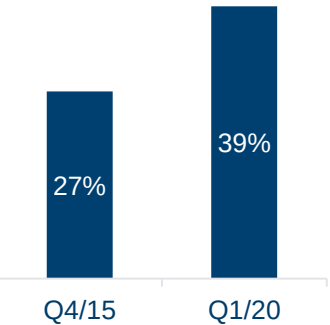
Commercial Loan Portfolio

(In \$ Billions)



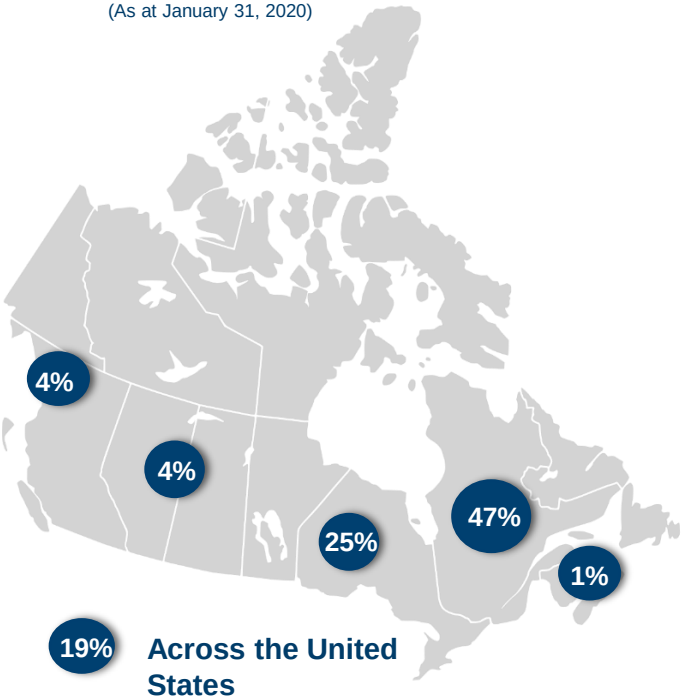
Commercial Loans

(As a % of total loans)

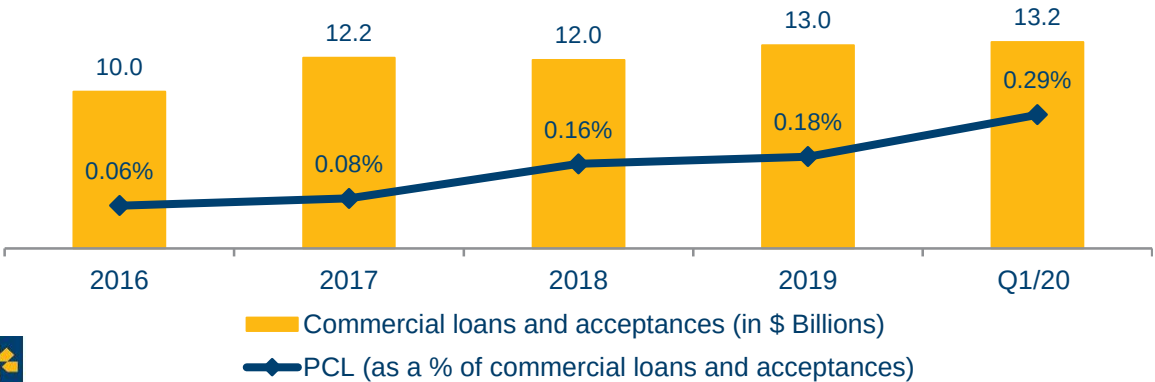


A pan-Canadian Portfolio and a U.S. Presence

(As a % of commercial loan portfolio)
(As at January 31, 2020)



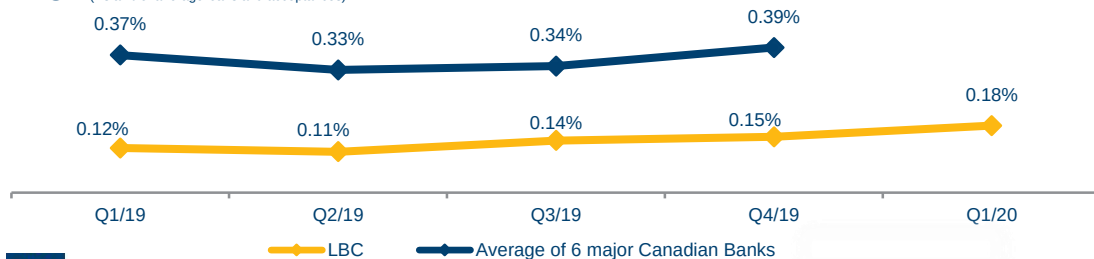
Strong Credit Quality With a Low Loss Ratio



Provision for Credit Losses (PCL)

PCL (\$ millions)	Q1/20	Q4/19	Q1/19
Personal Loans			
Stage 1 and 2	\$ (2.9)	\$ 2.4	\$ (2.9)
Stage 3	6.9	3.1	7.3
	4.0	5.5	4.4
Residential Mortgage Loans			
Stage 1 and 2	0.4	0.6	(0.7)
Stage 3	1.1	0.1	0.6
	1.5	0.7	(0.1)
Commercial Loans			
Stage 1 and 2	0.9	1.5	1.5
Stage 3	8.5	4.9	4.6
	9.4	6.4	6.1
	\$ 14.9	\$ 12.6	\$ 10.5

PCL (As a % of average loans and acceptances)



Q1/20 Highlights

- PCL up \$4.4M Y/Y and \$2.3M Q/Q mainly due to provisions in the commercial loan portfolio
- Economic conditions, as well as the good overall underlying credit quality of our loan portfolios, continue to result in an industry-low loss ratio of 18 bps

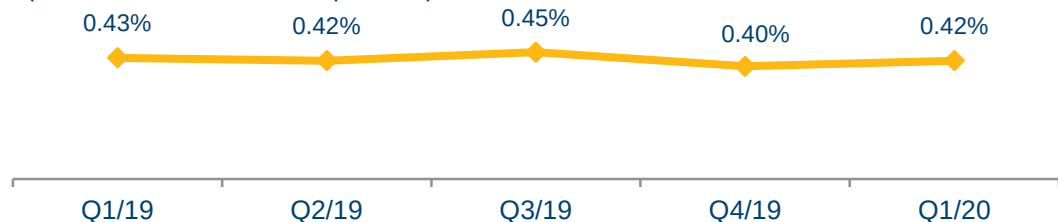
98% of our loan portfolio is collateralized



Impaired Loans

Net Impaired Loans (NIL)⁽¹⁾

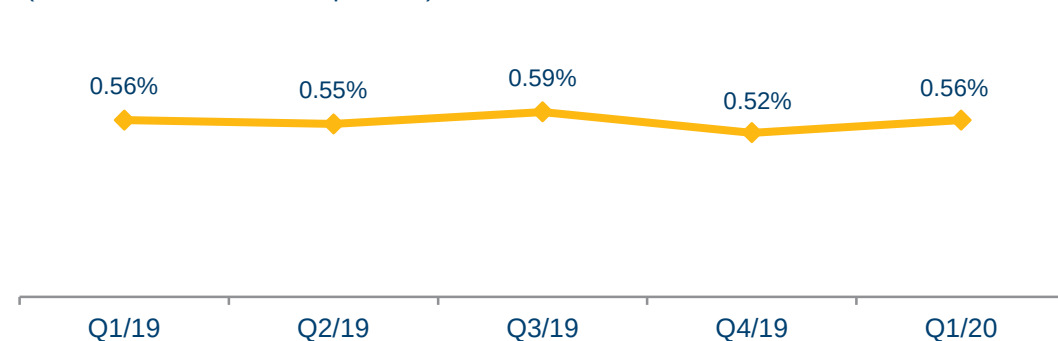
(As a % of loans and acceptances)



- Loan portfolios continue to perform well
- Net impaired loans of \$140.8M remain within historical fluctuations
- We are provisioned adequately

Gross Impaired Loans

(As a % of loans and acceptances)



- Gross impaired loans of \$186.7M, increased by \$11.6M Q/Q



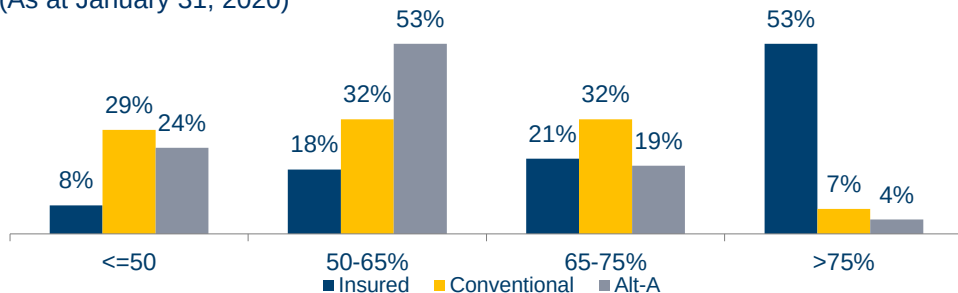
(1) Net impaired loans are calculated as gross impaired loans less allowances against impaired loans.

APPENDICES

High Quality Mortgage Loan Portfolio – Low Loan-to-Value

Loan-to-Value Distribution

(As at January 31, 2020)

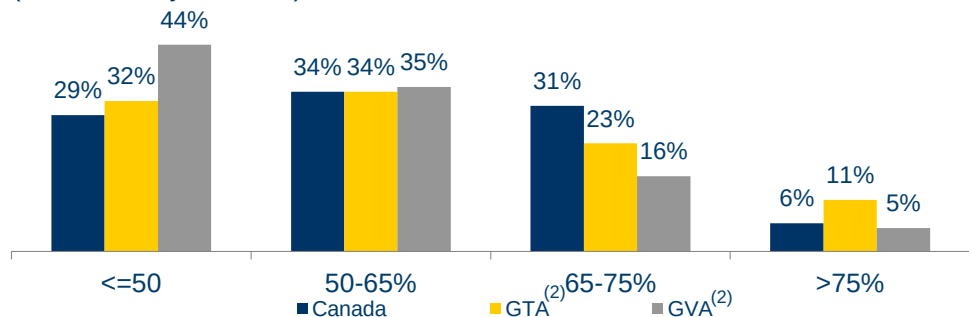


We target the high end of the Alt-A market through low LTV ratios

- Vast majority of uninsured and Alt-A mortgages have LTVs of 75% or less
 - 93% of Conventional portfolio
 - 96% of Alt-A portfolio

Loan-to-Value Distribution (Uninsured)⁽¹⁾

(As at January 31, 2020)



- Substantial buffer against potential home price declines with LTVs of 75% or less
 - 94% of total portfolio
 - 89% of GTA portfolio
 - 95% of GVA portfolio



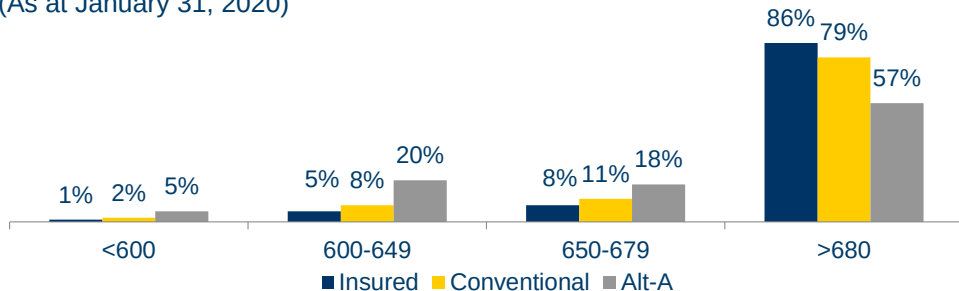
(1) Uninsured equals prime uninsured plus Alt-A.

(2) GTA: Greater Toronto Area; GVA: Greater Vancouver Area.

High Quality Mortgage Loan Portfolio – Low Loan-to-Value

Beacon Distribution

(As at January 31, 2020)

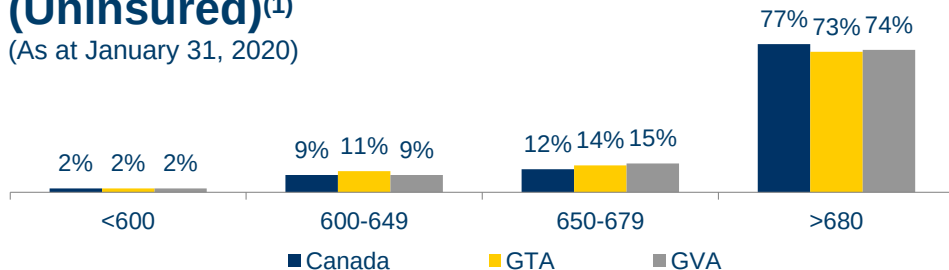


We target high end of the Alt-A market through high beacon scores

- Vast majority of Alt-A and uninsured portfolios with beacon scores > 650
 - 90% of Conventional portfolio
 - 75% of Alt-A portfolio

Geographic Beacon Distribution (Uninsured)⁽¹⁾

(As at January 31, 2020)



- High credit worthiness of the portfolio with beacon scores > 650
 - 89% of total portfolio
 - 87% of GTA portfolio
 - 89% of GVA portfolio



(1) Uninsured equals prime uninsured plus Alt-A.

(2) GTA: Greater Toronto Area; GVA: Greater Vancouver Area.

Non-GAAP Measures

(\$ millions, except per share amounts)	Q1/20	Q4/19	Q1/19
Reported net income	\$ 32.2	\$ 41.3	\$ 40.3
<i>Adjusting items, net of income taxes⁽¹⁾</i>			
Restructuring charges			
Severances charges	2.1	1.3	1.0
Other restructuring charges	(0.1)	2.7	0.5
	2.0	4.0	1.5
Items related to business combinations			
Amortization of net premium on purchased financial instruments	0.2	0.2	0.3
Amortization of acquisition-related intangible assets	2.5	2.4	2.6
	2.7	2.6	2.9
	4.7	6.6	4.4
Adjusted net income	\$ 36.9	\$ 48.0	\$ 44.7
Reported diluted earnings per share	\$0.68	\$0.90	\$ 0.88
Adjusting items	0.11	0.15	0.10
Adjusted diluted earnings per share	\$0.79	\$1.05	\$ 0.98



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

Working toward our strategic objectives

Foundation

Growth

Performance

Our 2022 strategic objectives	What is completed	What must be achieved
Building a strong foundation: Rebuild a proper account management platform Rightsize and modernize corporate functions Develop new brand elements	Implementation of the foundation of the core banking system Migration of B2B Bank products and most of the Business Services accounts onto the new core banking system Implementation of a platform for our equipment financing activities Creation of Laurentian Bank Financial Group, LBC Tech and LBC Capital Consolidation of various corporate functions	Migrate all remaining products and accounts to the new core banking system Continue to automate and improve the efficiency of our processes Refine our regulatory and compliance frameworks Launch of an online commercial banking platform to improve business client experience Improve client experience through enhanced digital and social media functionalities Continued investment in cybersecurity Develop brand presence in social media
Investing in profitable growth: Develop competitive product offering Build best-in-class teams of advisors and account managers Better understand and service key client segments Expand distribution geographically	Optimization of branch network activities in Quebec Implementation of 100% Advice Financial Clinics Launch of a digital banking offer to clients of Advisors and Brokers Launch of a digital banking offer under the LBC Digital brand Acquisition and integration of CIT Canada activities and those of Northpoint Commercial Finance Increase of loans to business customers in the loan portfolio mix	Resume growth in residential mortgages and personal loans Gain personal deposits with digital direct to customer offering across Canada Enhance digital direct to customer offering with lending products Continue to grow loans to business customers in Canada and in the U.S. Increase revenues from brokerage, treasury and capital markets activities
Improving performance: Reduce cost of administration Better manage capital Build a culture of performance	Efficiency improvements of some administrative functions Optimization of our sources of financing including securitization and institutional deposits Consolidation of our corporate offices in Montreal Launch of a new Global Performance Recognition Program within the organization Renewed labor relations environment including the redefinition of the bargaining unit	Focus growth activities on advice in Financial Clinics Optimize footprint by creating regional hubs Invest in infrastructure to expand equipment and inventory financing activities in the U.S. Prudently manage a strong balance sheet and maintain good credit quality Continue to work toward adopting the AIRB approach to credit risk



Our New 2022 Medium-Term Financial Objectives

Q1/20 Performance⁽¹⁾

Adjusted ROE

Narrow gap to 250 bps by 2022⁽²⁾

Adjusted Efficiency Ratio

< 63% by 2022

Adjusted Diluted EPS

Grow by 5% to 10% annually

Adjusted Operating Leverage

Positive

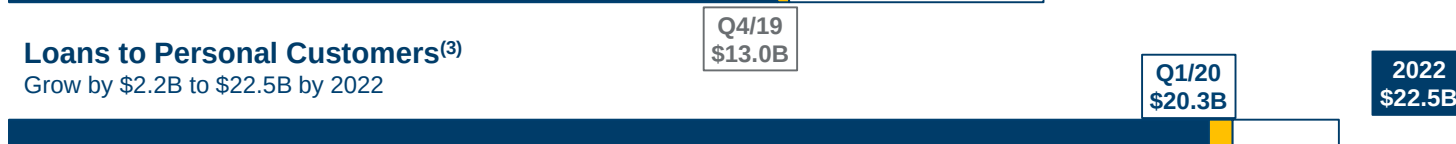
Loans to Business Customers

Grow by \$4.3B to \$17.5B by 2022



Loans to Personal Customers⁽³⁾

Grow by \$2.2B to \$22.5B by 2022



Deposits from Clients⁽⁴⁾

Grow by \$3.4B to \$26.0B by 2022



(1) Certain measures presented throughout this document exclude the effect of amounts designated as adjusting items. Refer to the Non-GAAP Measures appendix for further details.

(2) Gap based on 2019 results (the weighted average of the 6 major Canadian banks at 15.6%).

(3) Including personal loans and residential mortgage loans.

(4) Including personal deposits from Financial Clinics, Advisors and Brokers, Digital Direct to customers and Business customers.



Investor Relations Contact

Susan Cohen

Director, Investor Relations

(514) 284-4500, ext. 40452

susan.cohen@lbcfg.ca