



YEAR 2013

# SOCIAL RESPONSIBILITY REPORT



LAURENTIAN  
BANK

# OUR BANK

Laurentian Bank of Canada is a banking institution whose activities extend across Canada. Recognized for its service, proximity and simplicity, the Bank serves one and a half million clients throughout the country. Founded in 1846, it employs some 4,000 people who make it a major player in numerous market segments. The institution has \$34 billion in balance sheet assets and more than \$37 billion in assets under administration.

Laurentian Bank distinguishes itself through the excellence of its execution and its agility. Catering to the needs of retail clients via its extensive branch network and constantly evolving virtual offerings, the Bank has also earned a solid reputation among SMEs, larger businesses and real estate developers thanks to its growing presence across Canada and its specialized teams in Ontario, Québec, Alberta and British Columbia. For its part, the organization's B2B Bank subsidiary is a Canadian leader in providing banking and investment products and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker that is also widely known for its expert and effective services nationwide.

Laurentian Bank of Canada is a Canadian chartered bank, constituted pursuant to the Bank Act (Canada) and its stock is listed on the Toronto Stock Exchange (LB).

Photos: Jean-Baptiste Bénavent (Alpine Skier), François Dupont (Centraide Cup)

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# MESSAGE FROM THE PRESIDENT AND THE CHIEF EXECUTIVE OFFICER



## **MAXIMIZING OUR POTENTIAL: A COLLECTIVE RESPONSIBILITY FOR OUR FUTURE**

As part of its ongoing commitment to offer genuine value and fully meet its obligations to all its stakeholders, Laurentian Bank continued to invest in its development in 2013. In so doing, the Bank spares no effort to maximize its potential and, thereby, assure its sustainable growth.

The Bank counts firmly on a balanced and diversified Board of Directors that is the very model of good governance. In fact, both our Board and our Management Committee make good governance a key priority, which enables the organization to prosper with integrity and in total compliance with all applicable laws and regulations. Under the direction of its new Chairwoman, Ms. Isabelle Courville, our Board has continued to concentrate its steadfast efforts on the evolution and transformation of our institution, and in 2013 — at 38% — the Board maintained the highest female representation of any banking institution in Canada, with five Directors out of 13 being women.

**Réjean Robitaille,**  
President and Chief Executive Officer



Because sound governance has a clear impact on management practices, the Bank invariably adheres to the highest ethical standards in all that it does. In that spirit, the organization pursued its efforts to assure its attentiveness to its clients and to adapt to their needs, expectations and demands by offering them the most timely and custom-tailored services. The development of our mobile and virtual offerings, new leasing solutions and alternate mortgage products are good examples of this approach.

True to the values of proximity and simplicity that have been its hallmark since 1846, the Bank is dedicated to lending its support to more than 200 different organizations across Québec. This commitment is increasingly fuelled by the involvement of our employees and managers with different causes dear to their hearts. Laurentian Bank is devoted to contributing to build a healthy society.

For the benefit of our employees, we implement a broad range of initiatives aimed at providing a stimulating working that environment that is as conducive as possible to the development of their competencies. In addition, fair and transparent human resources practices are applied in all aspects of our activities. Furthermore, we are pursuing the integration of new resources in the wake of recent acquisitions, while working to ensure that these individuals embrace our corporate culture and passion – two unique aspects of our organization that have earned prestigious recognition over the years. Indeed, it is thanks to the qualities and competencies of all our human capital that we have succeeded in adapting to a constantly changing environment, making full use of our ingenuity and agility in the process.

On another front, the Bank works incessantly to reduce ecological footprint, or to minimize the impact of its operations on the environment through the implementation of a variety of different initiatives. At the same time, these best practices generate positive spin-offs in terms of efficiency, profitability, and the well-being and engagement of employees.

In conclusion, I would like to underline that the Bank assumed its role as a socially responsible enterprise more ardently than ever in 2013, and as we work to serve the interests of all our stakeholders, we are dedicated to building on our momentum in this regard. The following pages of this Social Responsibility Report will provide you with an overview of our major actions and activities in fiscal 2013.



**Réjean Robitaille, FCPA, FCA**  
President and Chief Executive Officer

# ABOUT US

**Laurentian Bank is a pan-Canadian banking institution that offers its clientele a diverse range of banking and financial products and services. The Bank has distinguished itself through the excellence of its service, its simplicity, and its proximity to one and a half million clients.**

Laurentian Bank has established a solid presence in Québec, where it operates a large network of branches dispensing retail financial services. Elsewhere in Canada, it is active within market segments in which it holds an enviable position. The Bank has built a strong reputation across the country in the area of real estate and commercial financing thanks to its teams working out of more than 35 commercial banking centers in Ontario, Québec, Alberta and British Columbia. Its B2B

Bank subsidiary is a Canadian leader in the provision of banking products to financial advisors and brokers, while Laurentian Bank Securities is widely recognized nationwide for its expertise and the quality of the integrated brokerage services it offers to retail, institutional and commercial clients.

Laurentian Bank has more than \$34 billion in balance sheet assets and over \$37 billion in assets under administration. With its head office located in Montréal since its foundation in 1846,

the Bank currently employs more than 4,000 dedicated people.

In 2013, the Bank stood apart once again by posting record results for a seventh consecutive year. The organization pursued its growth within a highly challenging context marked by economic uncertainty and low interest rates. It succeeded in adapting to this environment by fully employing its ingenuity, agility and passion.

## **A UNIQUE POSITION IN THE CANADIAN BANKING SECTOR**

- Widely recognized leadership and expertise in the area of Canadian real estate financing
- Extensive expertise in commercial financing offered by specialized teams across Canada
- Canadian leader among financial advisors and brokers
- Recognized and much sought-after institutional brokerage provider

## **FROM AN ORGANIZATIONAL STANDPOINT, LAURENTIAN BANK IS SUBDIVIDED INTO THREE ACTIVITY SECTORS:**

- Retail and Business Services
- B2B Bank
- Laurentian Bank Securities and Capital Markets



Photo: Stéphane Brügger



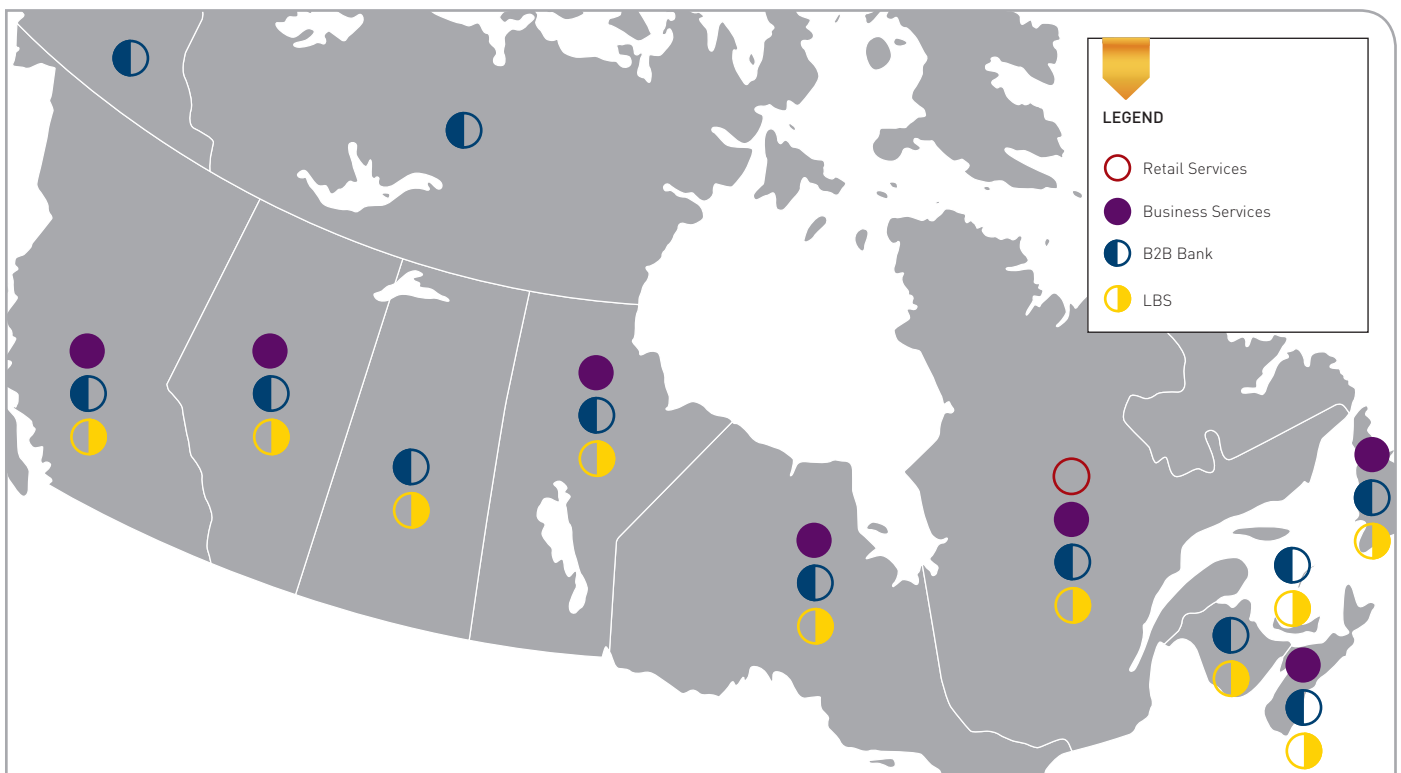
# A PAN-CANADIAN PRESENCE

The Bank operates some 225 service points, including 153 retail branches in Québec and 35 commercial business centres across the country. It also offers a network of 422 automatic banking machines. The Laurentian Bank Securities subsidiary conducts its activities through

16 brokerage offices in Québec, Manitoba and Ontario, while B2B Bank's business development teams offer their expert services to financial advisors, brokers and mutual fund firms across Canada.

Laurentian Bank offers a complete and fully integrated array of financial services

in Québec, where approximately 60% of its loans are granted. The institution is also very active elsewhere in Canada, providing its products and services to financial intermediaries, as well as real estate and commercial financing and securities brokerage.



## THE VALUES FUELLING OUR ACTIONS

In recognition of the challenges posed by its vocation as a financial institution serving the needs of individuals and businesses, Laurentian Bank has established a set of values that all its employees are expected to adhere to. These five principles serve as the engines that drive our collective motivation and bind us in the realization of our mission, and they are embodied in our commitments to our various stakeholders.

- PASSION FOR CLIENT INTERESTS
- SIMPLICITY
- TEAMWORK
- ENTREPRENEURSHIP
- INTEGRITY

# OUR GOVERNANCE

Laurentian Bank assigns prime importance to assuring the profitable development of the institution with respect for the principles of transparency, integrity and ethical conduct. In that regard, the fact that the Board of Directors has made governance a top priority has enabled our organization to evolve and prosper over the course of its 167 years of existence, in accordance, once again, with the highest standards of integrity, and in compliance with the laws and regulations that govern its actions. It is in this spirit that we have established a set of rules of corporate governance and policies aimed at serving as a framework for our activities and relations with all parties and publics we interact with.

## OUR BOARD OF DIRECTORS: PLAYING A VITAL ROLE

Twelve of the 13 members of the Board of Directors (with the exception of the President and Chief Executive Officer) are independent administrators and are not accountable to management. This independence is determined by Regulation 58-101 concerning the disclosure of corporate governance practices, and in accordance with criteria adopted by the Board. The Proxy Circular related to the Bank's annual meeting of shareholders contains more details on the composition of the Board and its committees. This circular is available for consultation on our Web site.

The Bank's Board of Directors includes five women among its 13 members. This proportion translates into the highest female Board representation of any banking institution since 2007. In fact, the Board is committed to maintaining a proper balance between male and female representation, as well as to assuring a degree of balance with respect to the competencies, expertise, age, and the geographic origin of its members.

Essentially, the Board of Directors plays a monitoring role with respect to the management of the organization's commercial activities and internal affairs. The Board's deliberations generally conclude with a discussion period in the absence of management. The members of the Board



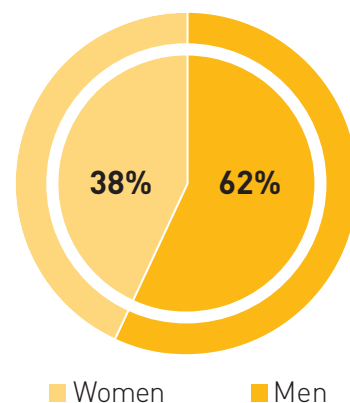
Isabelle Courville, Eng., BCL  
Chair of the Board

Isabelle Courville was named Chairwoman of Laurentian Bank's Board of Directors at the Annual Meeting of Shareholders held on March 19, 2013. Ms. Courville is among the only 5% of women worldwide who hold that position. Isabelle Courville has been a member of the Bank's Board since 2007 and succeeded Mr. L. Denis Desautels as its Chair.

are committed to acting in accordance with the norms defined in the Directors' Code of Conduct, which covers their general actions, their contribution to the work of the Board and its committees, insider trading, conflicts of interest, and other situations that could compromise their independence.

The Board of Directors has delegated certain responsibilities and functions to three committees, whose members are chosen from within its ranks. The Audit Committee, Risk Management Committee, and the Human Resources and Corporate Governance Committee present written and verbal reports on their work to the Board on a continual basis. In addition, these Committees provide shareholders with a report on their activities in the Proxy Circular.

## Male/Female Representation on the Board of Directors







The members of the bank's Management Committee

The Board of Directors has established a number of objectives in the area of executive compensation. These include promoting the alignment of senior management's interests with those of shareholders at all times through the Bank's compensation programs, as well as fostering transparency with respect to the management of executive compensation. In that regard, Laurentian Bank shareholders have been invited to participate in a consultative vote at the annual meeting since 2010 on the approach to compensating executive officers. The results of the vote held in March 2013 revealed that 97.54% of shareholders approved of the approach.

Shareholders also have numerous means of communicating with senior management and the Board of Directors. These include making a Motion that will appear in the Proxy Circular and be voted on at the annual meeting of shareholders.

### **SOUND MANAGEMENT**

Laurentian Bank continued to assure the sound management of its affairs thanks to the dedication of the members of its management team and the excellent spirit of collaboration it has established with the Board of Directors. As a result, the institution posted record earnings once again during fiscal 2012, as well as having increased its dividend. This positive performance is attributable, in large part, to the sustained growth of loan and deposit volumes, as well as to the acquisitions of MRS Companies<sup>1</sup> and AGF Trust, which translated into solid revenue growth. The excellent credit quality of the institution's loan portfolios also contributed to its positive results.

The Bank's Board of Directors reiterated its determination to continue to work tirelessly in the best interests of shareholders during the months and years to come. This mission will be accomplished, in part, through sustained and rigorous attention to the prevailing regulatory framework and business environment in which the organization operates in pursuit of its development.

Laurentian Bank intends to continue to prudently invest in a diverse range of initiatives within its activity sectors, while strictly controlling costs and maintaining its focus on profitable growth.

### **RISK MANAGEMENT**

Under the banner of Laurentian Bank's Risk Management program, a number of necessary measures were implemented to assure the sound management of risks to which the organization is exposed. In order to help ensure effective management of that risk, various practices have been instituted and are constantly being improved, such as self-evaluation of risks and controls, the collection of data on operating losses, risk indicators and measures, as well as the production and monitoring of these corrective measures.

The Bank's policy framework provides for the identification, measurement, control, mitigation, monitoring, intervention and disclosure of major risks in accordance with the policies and tolerance limits approved by the Board of Directors.

### **INTEGRITY: THE CORNERSTONE OF OUR BUSINESS**

Integrity is among the most essential values for Laurentian Bank because it is the very basis on which the organization and its subsidiaries earn and retain the confidence of their clients. Since its foundation in 1846, the Bank has enjoyed a solid reputation for acting with honesty and integrity in the management of its affairs and the conducting of its transactions with its clientele, as these transactions not only involve the assets of clients, but their very future as well.

In order to assure that its values are respected and, thereby, to protect its reputation, the Bank has created a Code of Ethics that promotes principled behavior, as well as honesty and integrity in all that employees do. The Code also outlines the required rules

<sup>1</sup> MRS Companies encompass the enterprises renamed B2B Bank Financial Services Inc., B2B Bank Securities Services Inc., B2B Bank Intermediary Services Inc., as well as M.R.S. Trust Company, which was merged with B2B Bank on April 16, 2012.

of conduct with respect to conflicts of interest and confidentiality. The obligation to maintain trust and confidentiality with respect to existing and potential clients and the public in general applies to all of the organization's actions. Similarly, the organization's integrity is dependent on that of each and every employee. Thus, the Bank's Code of Ethics pertains to all personnel and stipulates the basic rules that must be adhered to by each and every employee. In addition, certain categories of professionals are subject to particular directives under the authority of the professional order to which they belong.

Over the years, the Bank has developed and implemented a range of different policies. The principal policies in effect are outlined in Appendix 5.

As required by the authorities, the Bank has mandated an independent and impartial party — the Ombudsman — to act as mediator between clients and the financial institution. Other than the resolution of complaints, the Ombudsman is responsible for the Policy Concerning the Handling of Complaints and Comments About Seemingly Questionable Accounting and Auditing Practices, better known as the "whistle blower" policy. These types of complaints and comments may involve accounting methods, internal accounting controls or auditing. Via this mechanism, employees, clients and shareholders can bring any situation or financial information to light that may have been intentionally falsified in the course of Bank operations.

With respect to the effort to curb money laundering and terrorist financing activity, the Bank offers a special training program for all its employees, particularly new recruits. Focused on the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the purpose of this training is to remind all employees of their responsibilities in this regard. The program systematically deals with the generalities of the legislation, money laundering, terrorist financing and suspicious transactions.

Over the course of fiscal 2013, a number of different initiatives were implemented, pursued or improved in order to curb fraud. The Bank also collaborated with various police departments and business partners so as to combat fraud by targeting at-risk users and participating in awareness efforts.

### MAJORITY VOTING POLICY

In 2008, the Bank's Board of Directors adopted a majority voting policy by virtue of which a candidate who would not receive the minimum number of prescribed votes during the shareholders' meeting would be deemed not to have obtained the support of shareholders, even if they were legally elected. In such an event, they must immediately submit their resignation, which would take effect upon approval by the Board. Within the 90 days following the shareholders' meeting, the Board

would publicly announce the resignation of the Director concerned or the reasons justifying its decision not to accept the resignation. In the event that a resignation is accepted, the Board could fill the vacant position in conformity with the law. The majority voting policy does not apply in the case of contested elections.

### RENDERING OF ACCOUNTS

Our Social Responsibility Report draws upon Global Reporting Initiative (GRI) indicators. This year, we have brought the total number of indicators to 68, which testifies to the importance we assign to the transparency of our activities and relations with our stakeholders. For its part, our Annual Report also addresses our commitment to transparency and the rendering of accounts. It is available for consultation on our Web site.



Photo: Stéphane Brügger

## COMMUNICATING WITH OUR STAKEHOLDERS

Be it with our clients, employees, shareholders, the general public, the Union, or regulatory authorities, we spare no effort to constantly develop new communication tools, as well as to improve existing vehicles so as to meet the needs and expectations of everyone concerned.

OUR STAKEHOLDERS	OUR COMMITMENTS	OUR COMMUNICATION VEHICLES
<b>CLIENTS</b>	<p>Priority focused on satisfying their needs with respect to financial products and services</p> <p>Continuous improvement of the client experience</p>	<ul style="list-style-type: none"> <li>• Laurentian Bank, B2B Bank and LBS Web sites</li> <li>• LBCDirect: Internet, téléphone and site adapted for mobile devices</li> <li>• Satisfaction surveys</li> <li>• Direct mail</li> <li>• Mobile Force composed of mortgage development officers</li> <li>• Ombudsman</li> <li>• Social Medias</li> </ul>
<b>EMPLOYEES</b>	<p>Recognize their work</p> <p>Offer a dynamic working environment</p> <p>Provide varied training and development opportunities</p> <p>Demonstrate fairness and equity as an employer</p> <p>Be transparent</p>	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Internal publications: e COMM (weekly); Focus (quarterly)</li> <li>• Strategik newsletter for managers (quarterly)</li> <li>• Annual Meeting of Employees</li> <li>• Management Tour</li> <li>• Organizational survey</li> <li>• Ombudsman</li> <li>• Web site</li> </ul>
<b>SHAREHOLDERS</b>	<p>Assure the organization's profitable and sustainable development with respect for the principles of transparency, integrity and ethical conduct</p>	<ul style="list-style-type: none"> <li>• Annual Meeting of Shareholders</li> <li>• Investor Forum</li> <li>• Annual Information Form</li> <li>• Proxy Circular</li> <li>• Meetings and phone calls with financial analysts and shareholders</li> <li>• Public conference calls to present financial results</li> <li>• Annual Report</li> <li>• Social Responsibility Report</li> <li>• Bank Web sites</li> </ul>
<b>GENERAL PUBLIC</b>	<p>Pursue and support active involvement in local communities</p> <p>Provide information about our products and services</p>	<ul style="list-style-type: none"> <li>• Laurentian Bank, B2B Bank and LBS Web sites</li> <li>• Surveys and group discussions</li> <li>• Networking activities related to donations and sponsorships within local communities</li> <li>• Media relations activities</li> <li>• Social Responsibility Report</li> <li>• Social Medias</li> </ul>
<b>UNION</b>	<p>Maintain open dialogue and effective communications so as to satisfy the interests of employees and the Bank alike</p>	<ul style="list-style-type: none"> <li>• Various committee meetings (negotiating, grievance, etc.)</li> </ul>
<b>REGULATORY AUTHORITIES</b>	<p>Assure a high level of compliance with regulations in all activity sectors</p>	<ul style="list-style-type: none"> <li>• Periodic meetings with management and the Board</li> </ul>

# OUR CLIENTS AT THE HEART OF ALL WE DO

At Laurentian Bank, satisfying the financial services needs of our clients and continuously enhancing the client experience have always been at the top of our priority list. To do so, we are constantly seeking to gain full knowledge of their requirements and improve our way of doing things so as to consistently provide them with the highest quality, most comprehensive and accessible services possible. Moreover, in view of the economic turbulence that has prevailed over the past number of years, we have reinforced our determination to exercise ongoing vigilance and to manage our activities and our clients' assets with prudence and rigour. These circumstances have also driven us to be even more efficient and to rely more than ever on our culture of quality service to fuel our actions.

## OUR UNIQUE SYSTEM OF MANAGING CLIENT RELATIONS

It is with the aim of knowing our clients better and maintaining the closest of ties with them that we have implemented an innovative client relations management system. Bringing together all client data within a single interface, this system constitutes a major step forward because it creates opportunities to act proactively by offering products and services that are better adapted to specific needs.

## AN ACCESSIBLE AND WELL-ESTABLISHED NETWORK

The concept is built on simplicity, accessibility, proximity, and on a highly personalized approach to client support. In 2013, one branch was relocated in order to be able to better serve client needs. Over the past number of years, the majority of the branch network has been refurbished to enrich the banking experience for our clientele. Moreover, numerous of the Bank's branches can accommodate drive-through banking. In fact, Laurentian Bank served as a pioneer in Québec for offering this service. Finally, all new branches are designed to be accessible for those with reduced mobility.



The Bank's branches are well supported by an extensive network of 422 automatic teller machines (ATMs), including 79 installed within Greater Montréal's transportation network. As such, we have reinforced our proximity approach by providing consumers with even more ready access to banking services. In 2013, five new ATMs were added to the network, while three were

temporarily removed and two withdrawn permanently. Certain functionalities have also been added to the units to facilitate access for people with special needs. For example, they are now fitted with keys bearing braille characters for people with impaired vision.

In order to meet all immediate needs, a virtual network is also in place to offer clients banking services 24 hours

a day, 7 days a week. These services are available via automated banking machines, the Internet, telephone, and by way of mobile devices. The Bank is continuing to implement certain functionalities that facilitate access for clients with particular needs -- such as students, seniors and small businesses -- that benefit from discounts on packages designed specifically for them.

In addition, the Bank maintains close ties with several cultural communities in accordance with the geographic location of its branches. On the Island of Montréal, in particular, a number of branches are situated in sectors with a strong representation of these communities. Committed to catering to these clients in the best way possible, the Bank makes every effort to serve them in their own mother tongue. In fact, branch employees across the network speak more than 20 different languages.

The Retail Services are pursuing the development of partnerships, such as those established with FADOQ and the Réseau des ingénieurs du Québec in fiscal 2013, that provide us with access to extensive pools of potential clients. The Bank seeks to become increasingly more proactive in forging these kinds of partnerships.

The Business Services sector operates 35 commercial banking centres that are recognized for their rapid response and keen ability to fully understand their clients' realities. These centres have also developed specific specializations in a number of fields, including real estate, agriculture and health.

For its part, B2B Bank is a Canadian leader in serving the needs of financial advisors and brokers. In fact, it is the only bank dedicated exclusively to this market.

Laurentian Bank Securities offers integrated brokerage services to individuals and institutional investors via 16 offices in Québec, Ontario and Manitoba.

### MEASURING THE CLIENT EXPERIENCE BY GAUGING SATISFACTION

As a public service institution, client satisfaction is of the utmost importance to Laurentian Bank. Consequently, we conduct "experience" surveys via e-mail on a weekly basis to systematically gauge our clients' degree of satisfaction with their branch visits. In 2013, our Retail services sector's Marketing Department received and analyzed survey results originating from over 24,000 respondents.

Of those, 97% indicated that they were satisfied or very satisfied with their experience at our branches.

At B2B Bank, client experience is measured at least once every two years by an external firm. As part of this process, all existing clients are offered the opportunity to express their level of satisfaction by responding to an online survey.

### SPECIALIZED AND ADAPTED SERVICES FOR OUR BUSINESS LINES

Laurentian Bank's Business Services group has earned an enviable reputation for its specialized expertise in the financing of energy and infrastructure projects across Canada. Some of these projects are addressed in the Environment section of this report (page 25).

SATISFACTION = Our true obsession with excellent client service is recognized and appreciated by the people who count the most: our clients! According to our branch network's client satisfaction surveys, 97% are satisfied with the quality of the service they receive, of which 76% are very satisfied.

97%



Photo: Stéphane Brügger



Laurentian Bank Career Station

Photo: Stéphane Brügger

In 2012, B2B Trust became B2B Bank. As part of this transformation, it refined its line of products and services targeted at independent financial advisors, continued its efforts to forge new partnerships, and launched a platform for advisors aimed at offering them efficient investment account management on behalf of their clients. At the same time, B2B diligently pursued the integration of AGF Trust and MRS Companies — a process that is moving ahead as planned and on schedule. Once this fusion is complete, these organizations will enable B2B Bank to further improve the quality of its systems and processes, while significantly extending its geographical reach.

As for Laurentian Bank Securities, 2013 saw the sector continue to develop its culture of flexibility and responsiveness. As a result, LBS is in a better position than ever to act quickly and with agility to meet the needs of its clientele.

### PRODUCTS AND SERVICES THAT MEET STRINGENT STANDARDS

The Bank puts great care and rigour into the design of its products and services. As such, it assures that they respect the laws and regulations by which they are governed, as well as the industry's codes of conduct. In that regard, numerous actions have been taken over the years to ensure compliance with

the new rules in effect regulating the comprehensive range of products and services offered to clients.

### OUR CONTINUOUS IMPROVEMENT PROCESS

The implementation of a continuous improvement process is continuing to contribute to enhancing employee responsiveness, and consequently, the client experience. This process is aimed at ameliorating performance by concentrating on adding value for the client and on eliminating all forms of waste. While seeking to improve daily operations overall, it also focuses on prevention in the development of products, processes and activities.

# COMPLAINT RESOLUTION PROCESS

## AN EFFECTIVE COMPLAINT RESOLUTION PROCESS

As part of our firm commitment to client satisfaction, a number of specific mechanisms were put into place this past year to collect client feedback on the Bank's policies and the quality of its services. These mechanisms

are also aimed at determining the most rapid and responsive manner of intervening when a particular situation calls for corrective measures. While promoting the settlement of issues at the source, the Bank continued to improve service quality, to offer the necessary assistance to clients who

ask for it, and to consult the appropriate authorities as needed.

At Laurentian Bank Securities, the policy concerning complaint resolution and the settlement of disputes is covered by the provisions of the Act Respecting the Agence nationale d'encadrement du secteur financier (Bill 107).

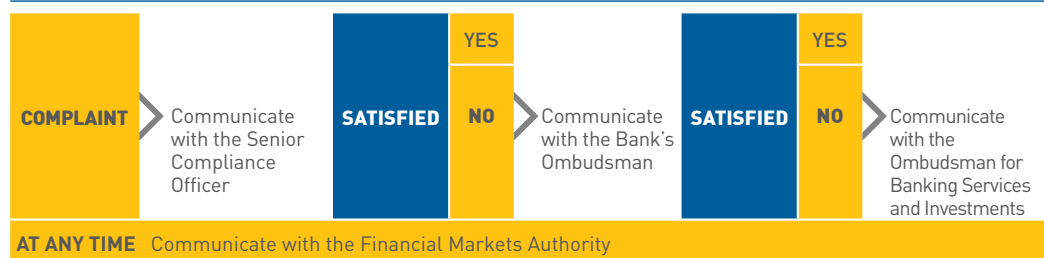
## INFORMATION REGARDING OMBUDSMAN COMPLAINTS

The Office of the Bank's Ombudsman handled 71 complaint files in 2013. Of that number, 64 files pertained to Laurentian Bank and these were handled within an average timeframe of 28.6 days. By the end of the year, 20 files were resolved to the satisfaction of the client. Seven (7) files pertained to B2B Bank and these were handled within an average timeframe of 30.7 days. By the end of the year, one file was resolved to the satisfaction of the client.

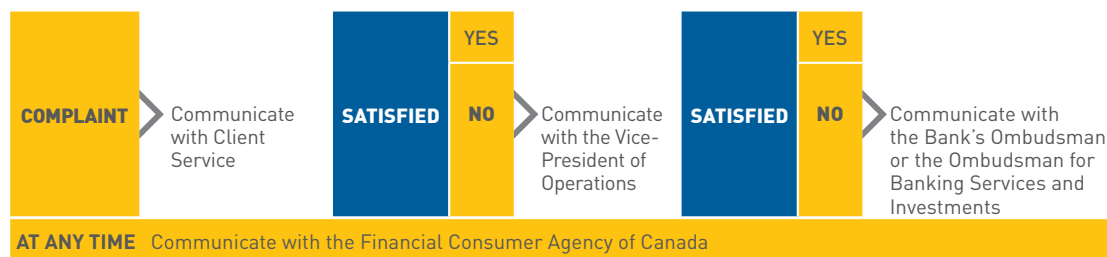
### BRANCH



### LAURENTIAN BANK SECURITIES



### B2B BANK



# OUR PASSIONATE TEAM

The excellent results posted by the Bank over the past seven years are directly attributable to the efforts of our 4,000 employees, who work steadfastly day in and day out to move the institution forward while striving to constantly improve their competencies.

## EMPLOYEES FULFILLING THEIR POTENTIAL

Our commitment to recognizing the work and involvement of our employees serves to significantly enhance our mutual relations. We also actively encourage our personnel to develop their competencies and offer them an equitable, dynamic and respectful environment in which to work.

The Bank makes a concerted effort to effectively integrate its new recruits from day one via a process that assembles all the winning conditions to facilitate their entry into their new functions. In that regard, our Performance Management program provides ongoing feedback and support to enable our personnel to perfect their knowledge and skills. At the same time, employees have the benefit of a full range of training opportunities to foster their professional development. Many of these training activities are offered by our *Laurentian Bank Academy*, or via various accredited external organizations. Ultimately, this comprehensive integration process provides Bank employees with all the resources they need to progress within an institution that assigns top priority to the development of its human capital.

## THE CONTINUOUS IMPROVEMENT PROGRAM: POSITIVELY INFLUENCING THE EMPLOYEE EXPERIENCE

The purpose of the Continuous Improvement program is to create a positive and enriching employee experience through the optimization of processes and procedures. Employees are encouraged to actively participate in this exercise, which generates the added benefits of promoting their engagement and making their work more efficient.

The program was highly successful once again in 2013, with 825 improvements having been implemented throughout the organization and close to 600 employees having submitted or taken charge of these improvements.

## THE SYMBIOSIS PROJECT

The Symbiosis project has been developed to provide our sales force's internal client service group with an efficient and streamlined structure by allowing for the standardization of services and improving their quality and effectiveness. The results obtained to date speak for themselves, with our call volume having diminished by 13% and satisfaction rate up by 20%.



LET'S SIMPLIFY  
OUR LIFE WITH  
**Continuous  
Improvement**



# EMPLOYEE ENGAGEMENT: A KEY PRIORITY

## THE MONTH OF EXTRAORDINARY EMPLOYEES AND THE FLAME OF RECOGNITION

Among the employee recognition initiatives in place at the Bank, the *Month of Extraordinary Employees* is marked each year by a series of original celebrations organized in groups and at Bank branches in all regions. For its part, the *Flame of Recognition* acknowledges the exceptional actions and efforts exhibited by employees on a daily basis. The Flame has come to serve as a preferred means for colleagues to underline the

contributions of their co-workers who have distinguished themselves through their positive attitudes or the gestures they routinely make in aid of their peers.

## RECOGNITION THAT IS MAKING A DIFFERENCE

In presenting the *Guy-Vanier Award*, the Bank continued to recognize employees who embody its five core values and who stand apart through their inspiring behaviour and positive influence on their peers. For its part, the *Ray McManus Award* is presented to groups whose

projects and exceptional teamwork meet or exceed established business objectives. It is important to note that award recipients are nominated by their colleagues and that the winners are chosen by a selection committee made up of representatives from the Bank's different sectors and business lines. Each year, the recipients of these awards gain considerable visibility within the organization. For example, training rooms are renamed after them, and they are the focus of numerous features in the Bank's internal communications vehicles.



2013 Guy-Vanier Award Recipients  
Workshop of enamel painter

# ACTIONS IN SUPPORT OF THE BANK'S GROWTH



BECAUSE YOUR PASSION IS PERPETUAL, YOUR ENERGY INSPIRES US.  
COME CONNECT WITH A TEAM WHERE YOUR SPIRIT CAN REIGN FREE.

## LAURENTIAN BANK CAREER STATION

The continuous growth of our organization goes hand-in-hand with a strong demand for new resources and requires an effective recruitment effort. Since 2011, Laurentian Bank's *Career Station* has served as a permanent recruitment centre located in the Berri-UQÀM subway station. This original "job shop" has been designed to attract new talent to the Bank by being uniquely close and accessible to candidates. In 2013, our *Career Station* recruiters met with some 3,600 potential new employees.

This past year, the Bank also participated in more than 15 career events in Québec to maximize its visibility and to meet with potential candidates for career opportunities in its branch network, at the Telebanking Centre, and within its corporate sectors. For example, we were present at numerous job fairs and visited different academic institutions offering personal banking representative training programs. Our Virtual Network also organized a series of VIP networking evenings at *Career Station*.

Finally, to further support its recruitment efforts, Laurentian Bank has now established its active presence on the

social media with its corporate Facebook and LinkedIn pages.

## SENSITIZATION TO COMPUTER SECURITY

An awareness program focused on computer security was launched in the form of an interactive cartoon strip. The campaign is aimed at getting employees to assume responsibility when it comes to the use of computer tools during the course of their daily activities by presenting a different situation to which they must find a solution.

## PROMOTING EQUALITY AT LEVELS AND IN ALL CORNERS OF THE ORGANIZATION

Equity is a principle that the Bank puts into practice in everything it does. In so doing, it promotes the proactive management of human resources in accordance with today's realities and acts in the belief that diversity constitutes not only an added value within the organization, but also a key to boosting competitiveness. Ultimately, our goal at the Bank is to ensure that all employees enjoy equal access to opportunities. We also invest considerable energy in recruitment, training and development,

and adaptation measures to ensure that no one is denied an employment opportunity for any reason unrelated to their competence.

According to its self-identification forms completed on a voluntary basis, 0.4% of the Bank's workforce was made up of aboriginal people in 2013, 0.06% of handicapped individuals, and 23% of members of visible minorities. The Bank also conducts ongoing statistical assessments of diversity in the workforce, and an employment equity committee comprised of Union representatives and non-unionized employees meets periodically to discuss these questions.

From a compensation standpoint, the average salary of male and female employees whose positions are at the same level is comparable.

**LAURENTIAN BANK ACADEMY:  
AN ENLIGHTENING AND  
INNOVATIVE CONCEPT**

The organization’s training programs in Québec are offered, in large part, under the banner of the *Laurentian Bank Academy*. A unique training centre providing instructional activities aimed at helping employees achieve their full potential, the *Academy* applies an integrated approach to the development of human capital. Through this multidisciplinary facility, the Bank has successfully established a common culture and language that serve to support and reinforce its actions.

For its part, *Academy Online* has manifested its innovativeness by eliminating barriers and using non-traditional knowledge transmission methods to better adapt to the changing needs of its clientele and learning styles of its personnel. In 2013, 51,519 hours of training were dispensed within the *Academy’s* facilities, and 26,714 hours of instruction were offered via *Academy Online*. In recognition of the value of training activities for optimizing the skills and aptitudes of its resources, Laurentian Bank’s total investments in competency development during 2013 significantly exceeded the targets outlined in Bill 90, the *Workforce Skills Development and Recognition Act*.

**The Bank has a number of programs in place within its different sectors for the integration of new employees in accordance with the type of position they occupy:**

- *B2B Bank*: Each new employee participates in a one-day session to become familiar with their surroundings and to listen to a presentation about the organization and its directions. They then take part in an orientation and integration program, which consists of up to two weeks of training and is adapted to their specific position. In the process, the employee learns about their tasks and responsibilities and receives the instruction necessary to enable them to effectively carry out their functions.

- *Business Services*: This sector’s program is designed to support employees in carrying out their new functions by twinning them with a sponsor/mentor. The duration of the program varies based on the position, and activities are adapted in accordance with the specific sector’s realities.
- *Retail Services*: Employees who are in direct contact with Bank clients in a branch or business centre take part in an integration program designed with their specific tasks in mind. For example, branch employees participate in the *Profession: Banker* program.

**The Academy also pursued the following programs in 2013:**

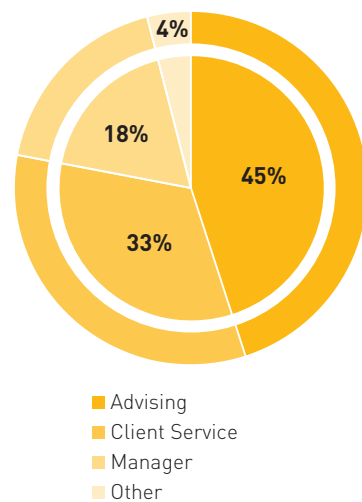
- *Combating Money Laundering*, to ensure that the Bank’s practices do not facilitate money laundering or the financing of terrorist activity.
- *Leaders in Action*, to train managers about their role and its impact on their immediate teams, thus helping to enhance their leadership.
- *Profession: Banker*, to facilitate the integration of new branch and business centre employees, to assist them in the development of required skills, and to help them evolve within the organization.
- *Advisor in Action*, to develop the essential skills of branch personnel, including business development, portfolio management, and management of the sales-advising process. The program also aims to develop the competencies of managers so as to enable them to offer their employees the support they need.
- *Professional Skills Development*, a structured ongoing training program designed specifically for professionals focusing on such subjects as change management, time and priority management, problem solving, effective communications, continuous improvement, and computer and technical skills.

The organization also has the support of a working committee made up jointly of Union and Bank representatives. This committee meets periodically to address matters related to training.

For its part, performance management at Laurentian Bank falls under the banner of the Performance Driven program. By working to ensure that each employee’s objectives are well aligned with its priorities and goals, the Bank helps assure that every individual is constantly focusing on what is of greatest importance to the organization.

One component of the Performance Driven program — the Personal Development Plan (PDP) — is designed to clearly identify the specific responsibilities of the employee, his/her manager, and of the Human Resources team so as to be able to offer each individual personalized support and the means to meet their development needs. This performance management process constitutes much more than a simple evaluation exercise — both for the employee and the manager. The program applies to all full-time and part-time unionized and non-unionized personnel.

**Breakdown of Training Hours**



## **BANKING ON OUR HUMAN CAPITAL**

An organization that has distinguished itself by its human dimension, Laurentian Bank offers its employees the chance to become engaged and actively participate in its development projects. In that regard, we firmly believe that it is by recognizing and nurturing the strengths of our personnel that we will continue to stand apart in the eyes of our clientele.

Laurentian Bank is also a strong advocate of women in the workplace. In fact, women make up 67% of the institution's workforce and hold more than half of all management positions.

Operating within an industry that relies heavily on the best knowledge and skills, we offer competitive compensation packages and a comprehensive array of attractive employee benefits, including:

- vacation and other holiday privileges
- group insurance
- pension plans
- a program that covers the costs of membership at a sports complex
- financial benefits, such as promotions on numerous Bank products like mortgage loans, banking packages and lines of credit

Conditions may vary depending on a particular employee's status. The Bank also makes various complementary benefits available to its personnel, such as a stock purchase plan, recognition programs, etc.

Furthermore, the organization offers a special support program in order to assist employees experiencing difficulties that could have a negative impact on their personal or professional life. This program provides specific help in the form of social or psychological counseling for a range of different problems.

In light of its sustained growth, the Bank is able to offer an ever-growing variety of career opportunities as well. With

its head office located in Montréal, it offers a wide diversity of positions in all functions typically required for the management and operation of financial institutions. Moreover, the organization's corporate culture encourages the assignment of responsibility and empowerment of its personnel, along with their career advancement.

## **POSITIVE RELATIONS WITH THE UNION**

On December 19, 2012, the Union and Bank employees signed a new collective agreement. This new six-year accord will be in effect until December 31, 2017. The Bank and the Union collaborate closely on an ongoing basis. In fact, since the new collective agreement came into effect, nine amendments to it have been signed.

For Bank management, the Union constitutes a valuable partner in the development of human capital. The Union currently represents some 2,337 employees, or 56% of our workforce, including permanent full-time and part-time employees, as well as temporary personnel.

## **WORK PRACTICES**

In accordance with the collective agreement, the Bank will provide the Union with a 120-day advance notice of any pending technological changes that could modify the working conditions of employees. In the case of an organizational change, the Union will receive a 30-day notice. In addition, the Bank applies the different articles of the Canadian Labour Code for its non-unionized employees.

In the area of occupational health and safety, there is an orientation committee in place and local committees have been formed so that all establishments of 20 employees and more can benefit from this structure. The organization is firmly dedicated to respecting its obligations

aimed at assuring the health, safety and good hygiene of its personnel. Moreover, the collective agreement calls for the Bank and Union to collaborate in promoting the personal and professional well-being of employees.

## **A WORKPLACE THAT FOSTERS A SENSE OF WELL-BEING**

Encompassing our employees working at different locations across Canada, Laurentian Bank affords great importance to ensuring that its workplaces foster the effectiveness, positive performance and well-being of all personnel. In that regard, the ergonomics of work areas is a constant preoccupation. In fact, a total of 49 ergonomic assessments were conducted in 2013.

Bank management also promotes open and constructive employee relations. To that end, the organization has instituted the Management Tour under the banner of which the President and members of the Management Committee visit different regions and sectors to meet with employees and answer any questions they may have.

# CONNECTED TO THE COMMUNITY

Committed to extending its efforts and activities beyond solely serving the financial interests of its clients, Laurentian Bank maintains an active presence and is dedicated to supporting the needs of the various regions in which it operates. In so doing, it makes tangible contributions to the socio-economic development of communities by fostering the closest possible ties with them.

During the past fiscal year, the Bank contributed close to \$2 million to more than 200 organizations and events across Québec, including \$700,000 in the form of direct donations. We concentrate our actions within a certain number of sectors, with our priorities being to contribute to the future of young people and families, to help build a healthy society, to encourage mutual aid, and to actively involve our employees within their communities.

## THE LITTLE HEROES CLUB CLOSER THAN EVER TO YOUTH AND FAMILIES

Laurentian Bank's *Little Heroes Club* combines the majority of the organization's initiatives in the areas of donations, sponsorships and social involvement with children and families under a single umbrella.

More specifically, the *Little Heroes Club* is regularly on hand at events with which the Bank is associated to encourage children to participate in sports, cultural and artistic activities within their community. These events include festivals and celebrations held across Québec, downhill skiing competitions, as well as family-oriented gatherings. In 2013, the *Little Heroes Club* took part in 29 days of events, supported by some 50 Bank employees proud to be involved.



The Little Heroes Club at the Fête de famille de Laval



Québec City Carnaval Challenge

Photo: Jean-Baptiste Bénavent

### PROMOTING SPORTS AMONG YOUNG PEOPLE

The Bank has manifested its interest in the development of young alpine skiers in Québec in various different ways over the past number of years. Through its partnership with Ski Québec Alpin, for example, it aims to advance the sport across the province, offering direct support to organizations in regions where competitions are held. In fact, some 30 different competitions that are part of the Laurentian Bank U16 Circuit have benefited from the active involvement of Bank employees, as has the Carnival Challenge, which is held for young skiers between the ages of 5 and 12. Under this partnership, no fewer than 7,000 up-and-coming competitors are the beneficiaries of the Bank's support each year.

### CULTURE AND YOUTH

Over the past several years, Laurentian Bank has also been accentuating its efforts to develop cultural awareness and appreciation among young people. Serving as season sponsor for its 13th year, the Bank continues to partner with Maison Théâtre, a

cultural crossroads located in downtown Montréal that has presented theatrical productions over the past 30 years written by both up-and-coming and renowned playwrights and designed especially to delight young audiences.

In 2013, the Bank also pursued its partnership with the Québec Museum of Civilization by sponsoring *Il était une fois...* This enchanting workshop enables both young and not so young to personify fairy tale characters in a

magical décor evocative of the best-loved classic fables and picture books.

### EDUCATION AND HEALTH

Education, health and the development of our youth are at the very heart of the Bank's donation and sponsorship priorities. As young people constitute our future, it is only natural for the organization to lend its support to a large number of academic institutions. At the same time, the Bank recognizes that health is of vital importance to the entire population. As such, it also supports numerous hospitals, healthcare establishments and other related organizations in fulfilling their respective missions.

### IN-BRANCH COLLECTIONS

In-branch collections were organized this past year in support of the victims of the devastating rail accident that occurred in the Lac-Mégantic region of Québec. \$30,000 was donated to the Red Cross. The Bank believes that it is essential to respond to urgent humanitarian needs in the wake of such catastrophes.

### SAINT-JEAN-SUR-RICHELIEU INTERNATIONAL BALLOON FESTIVAL

Laurentian Bank served as official presenter of the Saint-Jean-sur-Richelieu International Balloon Festival for a seventh year in 2013 and is proud to be an active supporter of this event. In 2011, the Festival ranked among the top 10 organizations certified under the Québec Responsible Event Management standard, which is sanctioned by the Québec Standards Bureau.



*Il était une fois...  
Workshop - Musée de la  
civilisation de Québec*

Laurentian Bank encourages and commends its employees for getting involved in causes that are close to their hearts. In that regard, the Bank has been awarding grants for a number of years now under the banner of its Employee Involvement and Children's Activity Support program. In 2013, the organization contributed close to \$40,000 to causes with which its employees were involved.

## LAURENTIAN BANK MONTÉE DES SOMMETS

In autumn 2013, the Bank held the first edition of the Montée des sommets, which was organized by employees in the Québec City area within the midst of the colourful fall foliage on Mont Ste-Anne. The challenge consisted of collecting as many markers as possible over a five-hour period — either individually or as a team. At the end of the day, a total of \$50,000 was donated to Le Petit Blanchon, an organization that assists children living in difficult conditions.

## RIDE FOR DIABETES

No fewer than 300 Bank employees in the Montréal, Laval and Québec City areas took turns pedaling in the 2013 edition of the Ride for Diabetes event organized by the Juvenile Diabetes Research Foundation. At the end of the event, the Bank presented the Foundation with a cheque in the amount of \$85,000.

## LOBSTER LUNCH IN AID OF TEL-JEUNES

In June, Laurentian Bank's President and CEO, Réjean Robitaille, presided over the 28th edition of the Lobster Lunch. Typically attracting a host of business and media personalities, this year's benefit event raised \$900,000 in aid of the Tel-Jeunes organization.

## CENTRAIDE

Under the banner of its internal solicitation campaign for Centraide, the Bank and its employees raised a total of \$248,000, which will be used in support of the fight against poverty and exclusion. The Bank also participated in the Centraide Cup, a benefit soccer tournament that pitted teams representing 25 large Montréal enterprises against one another for this worthy cause. The Bank's team was made up of enthusiastic players from a variety of different sectors.



Photo: François Dupont  
Laurentian Bank's  
Centraide Cup Team

# REDUCING OUR ENVIRONMENTAL FOOTPRINT

**For years now, Laurentian Bank has focused particular attention on its surroundings and on promoting awareness about environmental issues in order to minimize the impact of its activities on the environment. These best practices also have positive spin-offs in terms of organizational management and profitability.**

Among its numerous initiatives aimed at environmental protection, the Bank encourages the use of sustainable transportation by offering public transit users in the Greater Montréal area quick and easy access to their accounts via the 79 automated teller machines the institution has installed in subway and commuter train stations, as well as at bus terminals.

## OFFICE EFFICIENCY

Given the scale and scope of its activities, the Bank produces a great quantity of documents and reports of all kinds. Previously printed on paper, the majority of these materials are now distributed on the corporate Intranet, which has resulted in significant savings in terms of paper, printing and delivery costs. Similarly, the Bank has worked to convince its clients of the benefits of receiving their account and VISA statements in electronic form, and a number of forms that employees need to complete as part of their functions have also been converted into digital format.

Notwithstanding these efforts and initiatives, consumers still receive a certain amount of documents on paper. In order to compensate for this, the Bank makes an annual contribution to the Éco entreprise Québec organization, which is responsible for financing municipal services involving the collection, sorting and processing of packaging materials. This contribution enables municipalities to offer better recycling services.

In addition, upon joining the Bank, new employees are now provided with orientation kits made up of some 20 different documents, all of which are now accessible solely in electronic format. This has led to a significant reduction in the use of paper, as these documents were previously being printed in hundreds of copies at a time.

In 2013, the Bank also continued to replace printers having reached the end of their life cycle with multifunction copiers that allow for a 15% saving in energy and printing costs. The use of recycled ink cartridges is being strongly promoted as well among users of printers and fax machines, and all employee workstations were optimized in the past year.

Finally, in line with all of these efforts, this Social Responsibility Report is being made available exclusively in electronic format on our Web site.

## A RESPONSIBLE BRANCH NETWORK

Each year, several productive initiatives are implemented at the branch level as well. For instance, exterior lighting systems at branch locations are now activated by photo-electric sensors. This initiative allows us to use energy in an optimal fashion by limiting consumption to when it is really necessary and by countering forgetfulness when it comes to turning the power off. In addition, exterior signs needing to be



changed at existing locations are being updated to low-voltage, long-lasting electroluminescent diode systems. All new branches are being systematically equipped with these systems.

The interior characteristics of branches and offices are also the focus of various measures, such as the use of flooring made of recycled fibre often derived from reclaimed tires, as well as the use of recycled paint. However, because 94% of the Bank's facilities are leased, the organization is not in a position to exercise total control over building management. Nevertheless, certain lessors have established responsible lighting and heating practices and manage their buildings in accordance with recognized environmental standards. Such is the case for the head office building located at 1981 McGill College Avenue in Montréal, which has obtained Level 2 certification under the BOMA BEST environmental management program.



## GREENHOUSE GAS COMPENSATION

Conscious of our carbon responsibility, we have made a concerted effort to compensate for the greenhouse gas produced by the travel associated with two of our annual events and initiatives in particular — the meeting of employees and shareholders and the activities of the Little Heroes Club during the course of the summer season. The generation of greenhouse gas in conjunction with these initiatives has been neutralized through the purchase of compensation credits from Planetair. This Québec-based organization supports renewable energy and energy efficiency projects managed by *myclimate*, one of the most recognized carbon credit providers in the world.

## EMPLOYING PRUDENCE AND RIGOUR IN THE GRANTING OF COMMERCIAL LOANS

The Bank exercises considerable prudence in its credit evaluation procedures by taking environmental questions into account. It acts in accordance with a number of assessment policies for the awarding of credit, as well as an environmental risk management directive.

Each loan application is analyzed based on its degree of environmental risk, which can vary from high, to special-risk industry, to low. In the case of a special or high risk, an evaluation is required and must be carried out by an accredited firm. This firm will provide a certificate of verification of environmental compliance to assure that the enterprise in question

respects all applicable environmental laws and regulations. The Bank has also identified specific sectors to which it will refuse to grant commercial loans.

A number of loans were awarded in 2013 by the Bank's Business Services group for the financing of renewable energy projects, such as solar and wind farms, hydroelectric dams and biomass plants. In addition, this team is involved in public-private partnerships for the financing of water treatment plants and sports, social and hospital infrastructure projects in various Canadian provinces.

Finally, this sector also finances the construction of residential buildings and office towers that respect LEED (Leadership in Energy and Environment Design) norms.

## PARTICIPATING IN INNOVATIVE FINANCING INITIATIVES WITHIN THE GREEN ENERGY SECTOR

The Bank's Business Services sector was part of a financial consortium in 2013 for the refinancing of a 50.6 MW wind farm in the southern Ontario municipality of Kingsville.

The Gosfield wind farm project is part of the renewable energy asset portfolio of Brookfield Renewable Energy Partners, one of the largest publicly-traded, pure-play renewable power operator globally.

The Gosfield wind farm is comprised of 22 turbines. The project is the product of a 20-year electricity purchase agreement between Brookfield and the Ontario Power Authority.



Gosfield Wind Farm Project

# APPENDICES 1, 2

## 1 EMPLOYEE POPULATION BY PROVINCE

As at October 31, 2013

PROVINCE	PART-TIME	FULL-TIME	TEMPORARY	TOTAL
ALBERTA		10		10
BRITISH COLUMBIA		9		9
MANITOBA		1		1
NOVA SCOTIA		2		2
ONTARIO	3	742	173	918
QUÉBEC	512	2592	221	3325
<b>TOTAL</b>	<b>515</b>	<b>3356</b>	<b>394</b>	<b>4265</b>

## 2 CONSOLIDATED SUBSIDIARIES

As at October 31, 2013

CORPORATE NAME	HEAD OFFICE LOCATION	CARRYING VALUE OF VOTING SHARES OWNED BY THE BANK <sup>(1)</sup> (\$'000)	PERCENTAGE OF VOTING SHARES OWNED BY THE BANK
B2B Bank (previously B2B Trust)	Toronto, Canada	\$502,060	100%
Wholly-owned subsidiaries			
B2B Bank Financial Services Inc. (previously M.R.S. Inc.)	Toronto, Canada		
B2B Bank Securities Services Inc. (previously M.R.S. Securities Services Inc.)	Toronto, Canada		
B2B Bank Intermediary Services Inc (previously M.R.S. Correspondent Corporation)	Toronto, Canada		
B2B Trustco	Toronto, Canada		
AGF Trust Company (amalgamated, on September 1, 2013 with B2B Bank)	Toronto, Canada		
LBC Investment Management Inc.	Montréal, Canada	\$295,668	100%
Wholly-owned subsidiary			
V.R. Holding Insurance Company Ltd	St. James, Barbados		
Laurentian Trust of Canada Inc.	Montreal, Canada	\$95,118	100%
LBC Trust	Montreal, Canada	\$62,363	100%
Laurentian Bank Securities Inc.	Montreal, Canada	\$100,250	100%
LBC Financial Services Inc.	Montreal, Canada	\$6,742	100%

<sup>(1)</sup> The carrying value of voting shares corresponds to the Bank's interest in the shareholders' equity of the subsidiary.

# APPENDIX 3

## 3 INCOME TAX AND TAX ON CAPITAL PAID IN 2013

As at October 31, 2013

Laurentian Bank fulfills its fiscal responsibilities in a responsible manner and in accordance with all applicable federal and provincial legislation. Moreover, our institution's effective tax rate (federal and provincial) is higher than the average rate of Canadian banks.

IN THOUSANDS OF DOLLARS	INCOME TAX <sup>(1)</sup>	TAX ON CAPITAL <sup>(1)</sup>	OTHER TAXES <sup>(2)</sup>	TOTAL
<b>FEDERAL</b>	<b>\$15,224</b>	-	<b>\$16,291</b>	<b>\$31,515</b>
<b>PROVINCIAL</b>				
QUÉBEC	6,797	595	32,849	40,241
ONTARIO	6,074	-	5,385	11,459
ALBERTA	782	-	0	782
BRITISH COLUMBIA	-	-	119	119
NEW BRUNSWICK	-	-	31	31
NOVA SCOTIA	-	-	69	69
PRINCE EDOUARD ISLAND	-	-	8	8
NEWFOUNDLAND AND LABRADOR	-	-	30	30
MANITOBA	14	-	-	14
<b>TOTAL-PROVINCIAL</b>	<b>\$13,667</b>	<b>\$595</b>	<b>\$38,491</b>	<b>\$52,753</b>
<b>TOTAL-FEDERAL AND PROVINCIAL</b>	<b>\$28,891</b>	<b>\$595</b>	<b>\$54,782</b>	<b>\$84,268</b>

<sup>(1)</sup> Estimated costs

<sup>(2)</sup> Other taxes: Amount including compensatory tax on salaries, payroll tax, property tax and sales taxes

# APPENDIX 4

## 4 FINANCING BY COMMERCIAL CLIENT LOAN - AMOUNTS AUTHORIZED DURING THE YEAR

Amount Authorized - Grouped by Client - As at October 31, 2013

PROVINCE		\$0 - \$24 999	\$25 000 - \$99 999	\$100 000 - \$249 999	\$250 000 - \$499 999	\$500 000 - \$999 999	\$1 000 000 - \$4 999 999	\$5 000 000 et plus	TOTAL
Alberta, Nunavut and Saskatchewan <sup>1</sup>	Authorized amount			\$200,000		\$900,000	\$6,000,000	\$380,529,250	\$387,629,250
	Number of clients			1		1	2	17	21
British Columbia	Authorized amount		\$50,000	\$150,000			\$1,500,000	\$189,389,015	\$191,089,015
	Number of clients		1	1			1	10	13
Ontario	Authorized amount	\$45,032	\$1,009,779	\$7,825,997	\$1,4254,905	\$19,330,821	\$171,471,562	\$2,054,862,046	\$2,268,800,142
	Number of clients	6	15	49	43	29	69	102	313
Québec and New Brunswick <sup>2</sup>	Authorized amount	\$2,711,981	\$16,187,016	\$47,365,197	\$139,605,613	\$187,997,182	\$460,388,296	\$1,264,763,587	\$2,119,018,870
	Number of clients	208	324	292	403	273	238	82	1820
<b>Total</b>	<b>Authorized amount</b>	<b>\$2,757,014</b>	<b>\$17,246,795</b>	<b>\$55,541,194</b>	<b>\$153,860,518</b>	<b>\$208,228,001</b>	<b>\$639,359,858</b>	<b>\$3,889,543,898</b>	<b>\$4,966,537,277</b>
	<b>Number of clients</b>	<b>214</b>	<b>340</b>	<b>343</b>	<b>446</b>	<b>303</b>	<b>310</b>	<b>211</b>	<b>2167</b>

<sup>(1)</sup> The number of clients and the amount authorized for Nunavut and Saskatchewan were added to the Alberta data for reasons of confidentiality.

<sup>(2)</sup> The number of clients and the amount authorized for New Brunswick were added to the Québec data for reasons of confidentiality.

## 5 POLICIES AND CODES

- Change Approval Policy
- Policy Governing the Authorization of Services Supplied by External Auditors and the Hiring of Associates, Employees, Ex-Associates and Ex-Employees of External Auditors
- Regulatory Risk Management Policy
- Credit Policies
- Employment Equity Policy
- Training and Development Policy
- Operation Continuity Management Policy
- Collateral Security Management Policy
- Performance Management Policy
- Cost of Funds Transfer Pricing Management Policy
- Treasury and Capital Market Risk Management Policy
- Operational Risk Management Policy
- Reputation Risk Management Policy
- Professional Responsibility Risk Management Policy
- Residential Mortgage Loan Underwriting Policy
- Policy Governing Harassment and Violence
- Policy Governing Insiders and Prohibited Bank Securities Operations
- Policy Governing Employment Equity Adaptation Measures
- Policy Governing the Nomination of External Directors
- Policy Governing the General Provisions for Credit Risk
- Policy Governing the Replacement of the President and Chief Executive Officer in the Event of Accident, Disability or Inaccessibility
- Policy Governing the Processing of Complaints and Comments Regarding Apparently Suspicious Accounting and Auditing Practices
- Policy Governing the Use of External Advisors by Directors
- Policy Governing the Financial Benefits on Bank Products
- Policy Governing the Risk Appetite and Management Framework
- Policy Governing the Disclosure of Financial Information
- Policy Governing the Evaluation of the Past Record of Directors and Managers
- Outsourcing Risk Management Policy
- Liquidity and Funding Management Policy
- Structural Risk Management Policy
- Information Security Management Policy
- Executive Compensation Policy
- Policy Governing the Protection of Personal Information
- Money Laundering and Terrorist Financing Policy
- Policy Governing the Distribution of Gross Revenue for Determining Regulatory Capital for Operational Risk Under the Standard Approach
- Policy Governing the Evaluation of Financial Instruments
- Policy Governing the Capitalization of Pension Plans
- Policy Governing Capital Management and Adequacy
- Policy Governing Capital Markets Employee Compensation
- Capital Plan
- Liquid Asset Contingency Plan
- Complaint Management Procedure
- Code of Conduct for Directors
- Code of Confidentiality on the Protection of Personal Information
- Code of Ethics

# APPENDIX 6

## 6 OPENED, RELOCATED AND CLOSED AUTOMATED BANKING MACHINES

As at October 31, 2013

### OPENED

ADDRESS	CITY	PROVINCE	POSTAL CODE
10451 Gouin Boulevard West	Roxboro	QC	H8Y 1W9
325 Dorval Avenue	Dorval	QC	H9S 3H6
4945 Beaubien Street East	Montréal	QC	H1T 1V1
95 Labelle Boulevard	Ste-Thérèse	QC	J7E 2X6
333 de la Commune West	Montréal	QC	H2Y 2E2

### RELOCATED

ADDRESS	CITY	PROVINCE	POSTAL CODE
None			

### CLOSED

ADDRESS	CITY	PROVINCE	POSTAL CODE
265 Catherine Street	Ottawa	ON	K1R 7S5
333 de la Commune West	Montréal	QC	H2Y 2E2

### TEMPORARILY CLOSED

ADDRESS	CITY	PROVINCE	POSTAL CODE
333 de la Commune West	Montréal	QC	H2Y 2E2
940 Sanguinet Street	Montréal	QC	H2X 3E2
6200 Drake Street	Montréal	QC	H4E 4J6

## OPENED, RELOCATED AND CLOSED BRANCHES

As at October 31, 2013

### OPENED

ADDRESS	CITY	PROVINCE	POSTAL CODE
None			

### RELOCATED

ADDRESS	CITY	PROVINCE	POSTAL CODE
5045 Jean-Talon East, Suite 101	Montréal	QC	H1S 0B6

### CLOSED

ADDRESS	CITY	PROVINCE	POSTAL CODE
325 Dorval Avenue	Dorval	QC	H9S 3H6
4945 Beaubien Street East	Montréal	QC	H1T 1V1
5355 Jean-Talon East	Montréal	QC	H1S 1L4
95 Labelle Boulevard	Ste-Thérèse	QC	J7E 2X6
10451 Gouin Boulevard West	Roxboro	QC	H8Y 1W9

This social Responsibility Report is published by Laurentian Bank. It provides an overview of the Bank's activities and those of its subsidiaries and affiliated companies in Canada, as listed below :

- B2B Bank
- LBC Financial Services Inc.
- LBC Investment Management Inc.
- LBC Trust
- Laurentian Bank Securities Inc.
- Laurentian Bank Trust of Canada Inc.

This Report is published by Laurentian Bank's Public Affairs, Communications and Investor Relations Department in accordance with the Regulation Respecting Annual Reporting adopted on March 21, 2002, and in compliance with the requirements of the Financial Consumer Agency of Canada (FCAC). It serves as a complement to the Bank's Annual Report and presents an overview of the year's activities and accomplishments with respect to the organization's principal stakeholders — clients, employees, shareholders and communities.

The publication contains references to the Annual Report, Proxy Circular and Annual Information Form. These three documents offer more comprehensive information about the programs and policies mentioned and are available on the Bank's Internet site.

The present Social Responsibility Report is based on Global Reporting Initiative (GRI) performance indicators. An index of the indicators selected is presented on our Internet site.

Unless otherwise indicated, the information contained in this document pertains to fiscal 2013 (November 1, 2012 through October 31, 2013).

An integral version of this Social Responsibility Report is available on the Bank's Internet site at:

**[www.banquelaurentienne.ca/en/about\\_lbc/my\\_bank/social\\_responsibility.html](http://www.banquelaurentienne.ca/en/about_lbc/my_bank/social_responsibility.html)**.

Aussi disponible en français.

Please submit any comments about this document to:

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