



LAURENTIAN  
BANK

2012

## SOCIAL RESPONSIBILITY REPORT

Involved  
**Employees**

Continuous Improvement:  
**A Key Priority**

**Transparency, Integrity,  
Ethical Conduct**



## OUR BANK

Laurentian Bank of Canada is a pan-Canadian banking institution that has almost \$35 billion in balance sheet assets and \$33 billion in assets under administration. Founded in 1846, the Bank employs more than 4,200 employees.

Recognized for its excellent service, proximity and simplicity, Laurentian Bank serves more than one million clients in market segments in which it holds an enviable position. In addition to occupying a choice position among consumers in Québec, where it operates the third largest branch network, the Bank has built a solid reputation across Canada in the area of real estate and commercial financing thanks to its teams working in offices in Ontario, Québec, Alberta and British Columbia. Its subsidiary, B2B Bank, is a Canadian leader in providing banking products as well as investment accounts and services to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker widely recognized for its expertise and effectiveness nationwide.

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# INGENUITY, AGILITY, PASSION



Once again, the Bank stood apart in 2012, posting record results for a sixth consecutive year. Moreover, we registered growth rates that were among the highest in the industry in practically all of our activity sectors.

We created B2B Bank during the course of the past fiscal year, and we began the integration of MRS Companies. With respect to the management of our human capital, the level of our employees' engagement reached new heights, and we earned prestigious distinctions for the unique character of our corporate culture and for our passion.

In order to pursue our growth and respect new regulatory requirements, we completed capital issues totalling \$482 million. And finally, we made a very important acquisition in June 2012, bringing AGF Trust into our fold!

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

# Canada's Passion Capitalists

In November 2012, Knightsbridge Human Capital Solutions announced that Laurentian Bank was one of the 10 national award recipients in its new Canada's Passion Capitalists program. Canada's Passion Capitalists celebrates organizations that generate the passion, energy, intensity and sustainability needed to produce superior results. This award proves that a bank can accomplish its mission without sacrificing its human character or its proximity to clients. We are immensely proud to have earned this recognition of the passion that has driven us for more than 165 years.

In view of these results and accomplishments, the year 2012 was a very satisfying year for the Bank indeed! In fact, we are all the more proud that we realized these accomplishments while effectively managing the issues that touch all aspects of our relations as a responsible corporate citizen — both locally and within a broader perspective.

The Bank's Board of Directors and Management Committee consider governance to be a key priority that enables the organization to grow and develop with respect for integrity and in full compliance with all applicable laws and regulations. Indeed, our commitment to sound corporate governance fuels the organization's management practices and promotes an ethical approach of the highest order. In that regard, integrity constitutes a core value at Laurentian Bank and serves to nurture the confidence our clients have in our institution and its subsidiaries.

This Social Responsibility Report provides an overview of our relations with our valued stakeholders. It outlines the events and developments that have marked a year brimming with challenges and achievements, during which we have successfully adapted to a difficult environment by making full use of our ingenuity and agility.

Under the banner of its commitment to supporting our communities, Laurentian Bank concentrates its efforts on certain fundamental priorities — contributing to the future of youth and families, building a healthy society, and encouraging mutual

aid and the involvement of employees in their communities. Each year, the Bank lends its support to more than 200 organizations across Québec, while its managers and multitude of employees get personally involved in an array of different worthy causes. For example, with the Bank's encouragement and support, our personnel participated in and contributed to a number of major fundraising campaigns in 2012, including the *Ride for Juvenile Diabetes*, *Movember*, and the *Media's Big Food Drive*.

As part of its efforts to promote awareness of the importance of sustainable development, the Bank is also dedicated to reducing the impacts of its operations on the environment. The gains generated by those efforts go far beyond the purely ecological. Such best practices also offer positive spin-offs in terms of efficiency, profitability, and the well-being and engagement of employees.

Laurentian Bank is firm in its conviction to be a socially responsible organization committed to working in the best interests of its stakeholders. I invite you to peruse the following pages and discover just how we have gone about fulfilling that role during the past fiscal year.



**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 financial products and services. The Bank has distinguished itself through the excellence of its service, its simplicity, and its proximity to its more than one million retail and commercial clients of all sizes. The organization also stands apart for its promotion of passion among its personnel, which has accounted for its sustained success, and for which it was ranked among the 10 national winners of the *Canada's Passion Capitalists* program in 2012.

Laurentian Bank has established a solid presence in Québec, where it operates the third largest 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 14 financing centres 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 \$35 billion in balance sheet assets and over \$33 billion in assets under administration. With its head office located in Montréal since its foundation in 1846, the Bank currently employs more than 4,200 dedicated people.

## A UNIQUE POSITION IN THE CANADIAN BANKING SECTOR

- Third largest branch network in Québec
- 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 four activity sectors:**

- Retail and SME-Québec
- Real Estate and Commercial
- B2B Bank
- Laurentian Bank Securities and Capital Markets



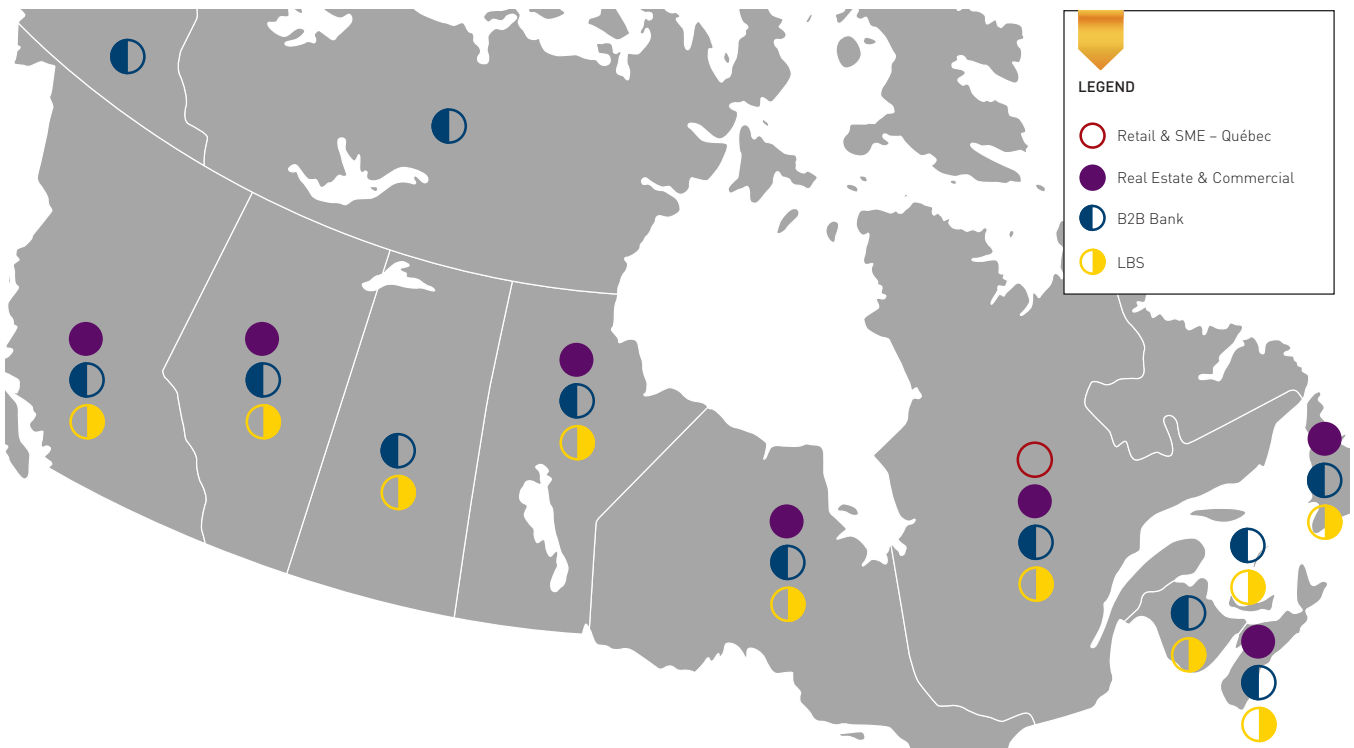
Financial Services Boutique

Photo : Stéphane Brügger

# A PAN-CANADIAN PRESENCE

The Bank operates some 235 service points, including 157 retail branches in Québec and 38 commercial business centres across the country. It also offers a network of 426 automatic banking machines. The Laurentian Bank Securities subsidiary conducts its activities through 16 brokerage offices in Québec 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 61% 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 BANK'S NEW FACE

Laurentian Bank distinguished itself for a sixth consecutive year in 2012 by once again posting record results. The organization successfully pursued its growth despite the formidable challenges posed by prevailing economic uncertainty and low interest rates. It ably adapted to this environment by making full use of its ingenuity, agility and passion, which allowed it to record growth rates that were among the highest in the Canadian banking sector.

The fiscal year ended October 31, 2012 was marked by significant accomplishments in terms of capitalization. The Bank completed issuances of capital totalling \$482 million in 2012 so as to maintain the quality of capitalization ratios. Moreover, a \$63 million issuance of common stock was completed in February 2012, followed by a private placement generating net proceeds of \$119 million.

In October 2012, the Bank issued \$100 million of preferred shares and \$200 million of medium-term notes. A dividend reinvestment and stock purchase plan was also introduced in fall 2012 under the terms of which shareholders can reinvest their dividends in the Bank's common shares and benefit from a 2% discount. All of these initiatives served to significantly strengthen the Bank's capitalization and financial foundations.

For its part, the evolution of the Bank's B2B Trust subsidiary (now known as B2B Bank) was also marked by a series of important events:

- On November 16, 2011, B2B Trust completed the acquisition of MRS Companies (100% of M.R.S. Trust Company and M.R.S. Inc.). The acquisition price on the closing date was \$199 million, based on an equity book value of \$149 million and a bonus of \$50 million.
- On July 9, 2012, B2B Trust announced that it was converting itself into an Appendix A federally chartered bank under the name of B2B Bank.
- On August 1, 2012, the Bank announced that its B2B Bank subsidiary had completed the acquisition of AGF Trust Company for a consideration equal to the estimated net book value of the company at closing of approximately \$248 million. The conclusion of the agreement was initiated on June 6, 2012.

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# THE VALUES FUELLING OUR ACTIONS

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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
- 
-



# AWARDS AND DISTINCTIONS

Laurentian Bank's performance and competitive advantage attracts the attention of various different independent organizations mandated to recognize the value of individuals, teams, programs and policies that stand apart in specific fields. In that regard, with its corporate culture built on proximity and simplicity, the Bank has shown its distinctiveness in a number of different ways.

Knightsbridge is a firm whose mission is to help organizations harmoniously execute their strategies through the efforts of their personnel. In November 2012, Knightsbridge announced that Laurentian Bank ranked among the 10 national winners of the new *Canada's*

*Passion Capitalists* program. This program pays tribute to organizations that generate superior results through the passion, energy, intensity and persistence that fuels their daily activities. This distinction demonstrates that a bank can indeed fulfill its mission while preserving its human character and maintaining close ties with its clientele.

For its part, the Corporate Knights organization ranked Laurentian Bank in December 2012 among the top 10 enterprises in Canada in terms of female representation on their Boards of Directors. At 38%, Laurentian Bank's proportion represents the highest among all Canadian banks.



Receiving the 2012 Canada's Passion Capitalists Award

Bank President and CEO, Mr. Réjean Robitaille, continued to earn distinction for a fourth consecutive year as being among the 25 most influential individuals in Québec's financial sector. The ranking was sanctioned and published by *Finance et investissement* magazine.

In 2012, another member of senior management appeared on this list — François Desjardins, Executive Vice-President of Laurentian Bank, and President and CEO of B2B Bank.

On a similar front, Ms. Isabelle Courville, who has sat on the Bank's Board since 2007, received the distinction of placing 39<sup>th</sup> on *Forbes* magazine's list of most influential businesswomen outside the United States. In fact, Ms. Courville was the only Québec woman on the prestigious list.

Finally, Ms. Stéfanie Pelletier, Vice-President of Finance, was honoured in the *Up-and-Coming Financial Executive* category of the *Aces of Finance* competition. Organized by the Québec section of Financial Executives International Canada (FEI Canada), an all-industry professional association of senior financial executives, the *Aces of Finance* competition is aimed at recognizing the professional accomplishments and community involvement of exceptional senior managers working in the financial sector.

**WE ARE PASSIONATE. IT'S NO LONGER A SECRET.**

LAURENTIAN BANK IS PROUD TO BE AMONGST THE TOP 10 NATIONAL WINNERS OF THE CANADA'S PASSION CAPITALISTS PROGRAM.

CANADA'S PASSION CAPITALISTS 2012 WINNER

SUSTAINABILITY  
INTENSITY  
COURAGE  
CULTURE

NOW'S THE TIME. LAURENTIAN BANK

# OUR GOVERNANCE

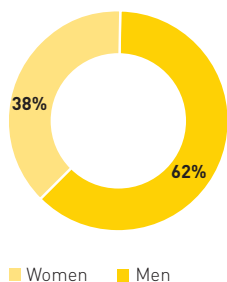
Laurentian Bank assigns prime importance to assuring the profitable development of the institution with respect for the principles of transparency, integrity and ethical conduct. In that regard, the fact that the Board of Directors has made governance a top priority has enabled our organization to evolve and prosper over the course of its 166 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. Indeed, the Bank's management practices are consistently fuelled by good corporate governance, which promotes an uncompromising ethical approach at all times.

## 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.

**Male/Female Representation  
on the Board of Directors**



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 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.

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 2012 revealed that 92.79% of shareholders approved of the approach.



The members of the bank's Management Committee

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 share-

holders 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. Since the first quarter of 2012, the Bank has made the transition to IFRS international financial information standards in the disclosure of its financial results.

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. It has implemented a major strategic initiative in that regard — the Internal Rating Method (IRM) program — which will extend over the next few years, and which constitutes a key priority for the institution. In brief, IRM is a sophisticated approach to calculating the capital required by the Bank.

## RISK MANAGEMENT

Under the banner of Laurentian Bank's Risk Management program, a number of necessary measures were imple-

mented to assure the sound management of risks to which the organization is exposed, including that of corruption. 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 all major operational risks in accordance with the policies and tolerance limits approved by the Board of Directors. As such, all areas of strategic activity are subject to the new risk self-evaluation practice.

<sup>1</sup> MRS Companies encompass a number of leading organizations that include B2B Bank Financial Services Inc., B2B Bank Securities Services Inc., B2B Bank Intermediary Services Inc., and M.R.S. Trust Company, which was merged with B2B Bank on April 16, 2012.



## CHANGES TO THE BANK'S MANAGEMENT COMMITTEE

During the past fiscal year, the Bank made certain nominations and changes to its Management Committee:

- On November 1, 2011, Messrs. Michel C. Trudeau, President and CEO of Laurentian Bank Securities, and Pierre Minville, Head of Risk Management, were appointed Executive Vice-Presidents of the organization and became members of the Management Committee.
- On November 1, 2011, Ms. Lorraine Pilon was entrusted with the additional responsibility of corporate human resources management. As such, she became Executive Vice-President, Corporate Affairs, Human Resources, and Secretary.
- On January 9, 2012, Mr. Stéphane Therrien joined the Bank as Executive Vice-President, Real Estate and Commercial, succeeding Mr. Paul Hurtubise, who took his retirement in February after 35 years of service.
- On May 10, 2012, Mr. Gilles Godbout joined the Bank as Executive Vice-President of Operations and Systems and Head of Information Services.

### 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 behaviour, as well as honesty and integrity in all that employees do. The Code also outlines the required rules 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 2012, 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. The institution also installed smart cameras for the surveillance of automated banking machines and established a database to centralize information on security systems, which has served to improve efficiency and response times in resolving problems.

### 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 70, 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.

## 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
Clients	<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 Trust and LBS Web sites</li> <li>• Telebanking Center</li> <li>• LBCDirect: Internet and telephone</li> <li>• LBCDirect: Mobile application</li> <li>• Satisfaction surveys (weekly)</li> <li>• Direct mail</li> <li>• Mobile Force composed of mortgage development officers</li> <li>• Ombudsman</li> </ul>
Employees	<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>	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Internal publications: e COMM (weekly); Focus (quarterly) 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>
Shareholders	<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 and other Web sites</li> </ul>
General Public	<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 Trust and LBS Web sites</li> <li>• Little Heroes Club Web site</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> </ul>
Union	<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>
Regulatory Authorities	<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.

## COMMITTED TO MAKING OUR NETWORK ACCESSIBLE

This past year, the Bank continued to implement the second generation of its innovative financial services boutique concept launched in 2011. The concept is built on simplicity, accessibility, proximity, and on a highly personalized approach to client support. The new branches feature an original and convivial physical layout, lending them a fresh new look and creating an environment in which clients feel totally comfortable and enjoy a simpler and more pleasant banking experience overall.

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 organization's team of mobile

bankers continued to grow this past year to meet the needs of clients in the comfort and convenience of their home or office. This network now encompasses some 100 professionals who cover most of Québec and offer clients a comprehensive range of mortgage products. The Bank is also continuing to focus particular attention on clients requiring the most affordable banking solutions possible, such as students, seniors and small businesses. These segments of the institution's clientele benefit from savings on packages designed especially 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.

## A CONSTANTLY EXPANDING NETWORK

The third largest in Québec, our retail branch network is distinguished by its accessibility, innovative character, simplicity, and by its quality of service. In 2012, the Bank pursued its efforts



Inauguration of the Laval Financial Services Boutique

to optimize its branch network by opening a new second generation financial services boutique in Repentigny, and by relocating its Laval branch to new premises that were entirely renovated in accordance with the latest boutique concept. Furthermore, 13 other branches underwent renovations. In fact, the majority of branch locations have been renovated over the past few years in order to enhance the banking experience, and the institution has been a forerunner in Québec with respect to drive-through banking, with its new branches often offering this service. In addition, all new branches provide ready access for people with restricted mobility.

The branch network is well supported by our network of automated banking machines. Currently comprised of 426 units, including 81 located in the Greater Montréal public transit system, this ABM network allows the Bank to



Dinner in the Sky Networking Activity with Our SME-Québec Clients

reinforce its commitment to proximity by providing consumers with even greater access to banking services. During 2012, four new machines were added to the network, while four were withdrawn. Some new functionalities were introduced as well to facilitate access for clients with special needs, such as the visually impaired. More specifically, the machines now feature keys bearing Braille characters.

Laurentian Bank Securities offers integrated brokerage services to individuals and institutional investors via 16 offices in Québec, Ontario and Manitoba. In June 2012, this activity sector proceeded with the expansion of its Institutional Equity Division's platform by extending its services in Manitoba, where it hired two new investment banking professionals.

For its part, the Bank's Real Estate and Commercial sector is present virtually from coast to coast, offering its unparalleled expertise to a large number of developers and medium-sized enterprises. The unit operates 14 financing centres located in British Columbia, Alberta, Ontario and Québec.

### 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 2012, our Retail services sector's Marketing Department received and analyzed survey results originating from over 17,000 respondents. Of those, 95% 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.

SATISFACTION=

95%

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, nearly 95% are satisfied with the quality of the service they receive, of which 80% are very satisfied.



## 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.

## SUPPORTING CLIENTS WITH THEIR MORTGAGE TRANSACTIONS

Because the purchase of a home is one of the most important transactions anyone may embark upon, the Bank spares no effort to simplify and enhance its clients' mortgage experience, while offering them all the personalized support they need that is tailored to their specific aspirations and plans. For example, they are provided access to a *360° Scenario* calculator that enables them to quickly determine their borrowing capacity and make various simulations. Clients are also presented with an informative brochure describing the different steps to homeownership, as well as with information explaining the various legal documents that need to be signed at the Bank and in the notary's office.

The mortgage process is subject to a stringent quality standard at Laurentian Bank whereby, throughout the various stages of this process, the Bank's different advisors make it their duty to assure that the client's experience is nothing short of exceptional. The delivery of this quality standard is assessed at the source by reviewing the ease and efficiency of every stage of the process directly with clients themselves.

Another important aim of the Bank is to simplify the lives of clients where and whenever possible. For instance, they are provided access to a toll-free telephone line to discuss such subjects as mortgage penalties at any time during the Client Service Centre's business hours. They can also calculate penalties using the calculator available on the Bank's Internet site or by way of the documents presented at signature.



## SPECIALIZED AND ADAPTED SERVICES FOR OUR BUSINESS LINES

Over the past few years, Laurentian Bank's Real Estate and Commercial group is known for its specialized expertise in the financing of energy and infrastructure projects across Canada. Some of these projects are discussed in the Environment section of this Report, on page 27.

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, 2012 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.

## OUR CONTINUOUS IMPROVEMENT PROCESS

The implementation of a continuous improvement process within the Bank's retail network in 2011 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.

In 2012, our continuous improvement process was extended throughout the entire organization. It is supported by a variety of work groups, whose activities are fuelled by a spirit of inter-departmental collaboration, and whose efforts are focused primarily on the improvement of the client and employee experience, as well as on business development. Thanks to the work of these teams, a total of 302 avenues for improvement were identified and analyzed in 2012, which gave rise to 109 tangible solutions. The concrete impact of these solutions has been to reduce the risk associated with certain procedures and to increase the efficiency of others — ultimately generating quantifiable gains in the order of \$620,000.



## 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

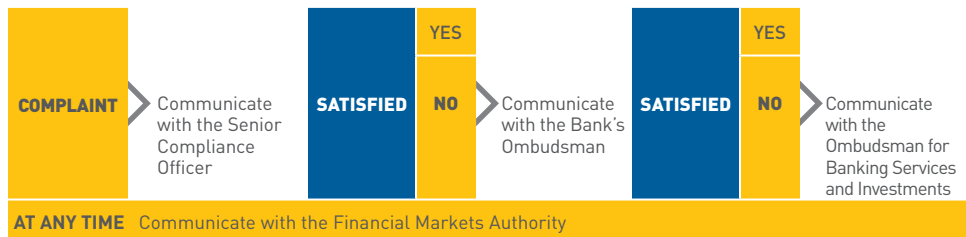
the settlement of issues at the source, the Bank continued to improve service quality, to offer the necessary assistance to clients who ask for it, and to consult the appropriate authorities as needed. At Laurentian Bank Securities, the policy concerning complaint resolution and the settlement of disputes is covered by the provisions of the *Act Respecting the Agence nationale d'encadrement du secteur financier* (Bill 107).

## COMPLAINT RESOLUTION PROCESS

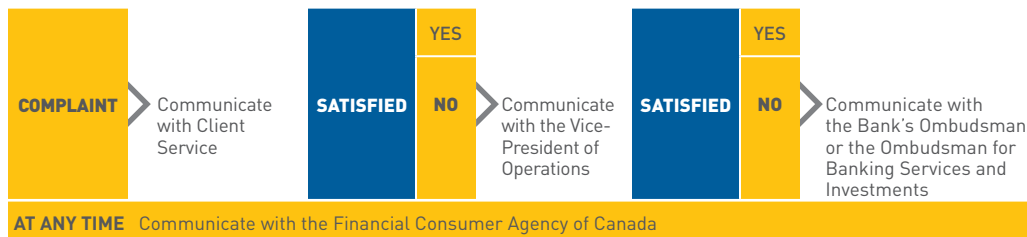
### BRANCH



### LAURENTIAN BANK SECURITIES



### B2B BANK



# OUR PASSIONATE TEAM

The solid growth and development posted by the Bank for more than six years now is directly attributable to the efforts of its employees, who work steadfastly day in and day out to move the institution forward while, striving to constantly improve their competencies. The exceptional contribution of our personnel was confirmed in November 2012, when Knightsbridge ranked Laurentian Bank among the 10 national winners of the *Canada's Passion Capitalists* program. Knightsbridge is an organization whose mission is to help companies seamlessly execute their strategy through people. In awarding this distinction, it pays tribute to those organizations whose passion, energy, intensity and persistence generate superior results.

## EMPLOYEES FULFILLING THEIR POTENTIAL

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

Laurentian Bank's continuous growth over the past number of years has led to increased hiring. The Bank makes a concerted effort to effectively integrate these new recruits from day one via a process that assembles all the winning conditions to facilitate their entry into their new functions. Subsequently, our performance management program provides ongoing feedback and support to enable our personnel to develop 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.

## EMPLOYEE ENGAGEMENT: A KEY PRIORITY

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

Among the employee recognition programs instituted most recently, 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.

## THE IMPACT PROGRAM: POSITIVELY INFLUENCING THE EMPLOYEE EXPERIENCE

The Impact program encompasses all of the Bank's initiatives aimed at enhancing the employee experience. Under the banner of this program, more than 149 solutions proposed by 25 committees were presented to the management committees of our different business lines and sectors. Approximately 68% of these recommendations were implemented in 2012, and most of the other solutions proposed will be as well in 2013. Next year, the Impact program will be concentrating its focus on continuous improvement, which is also a corporate priority.



The Bank encourages each department to closely examine and question certain practices with the aim of making them more efficient. Employees are urged to actively participate in this improvement process as well, which not only serves to facilitate their work, but also to promote their engagement.

### 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 call volume having diminished by 13% and satisfaction rate up by 20%.



2012 Guy-Vanier Award Recipients

### RECOGNITION THAT IS MAKING A DIFFERENCE

The Bank continued to honour employees who demonstrate exceptional job performance with the Guy-Vanier Award. This particular sign of recognition underlines the remarkable contribution of individuals who serve as excellent ambassadors for the Bank and who inspire their colleagues on a daily basis with their dedication and positive attitude. For its part, the Ray McManus Award is presented to groups that achieve or exceed the business objectives established in conjunction with their functions as a team or within the context of a particular project. It is important to note that it is the colleagues of award recipients who submit their candidacies and that the winners are subsequently chosen by a selection committee. Each year, the recipients of these awards gain considerable visibility within the organization. For example, their photos are published in the Bank's Annual Report, meeting rooms are named after them, and they are the focus of numerous articles in the organization's internal communications vehicles.



2012 Ray McManus Team Award Recipients



2012 Ray McManus Project Award Recipients





Photo : Stéphane Brügger

Laurentian Bank Career Station

## ACTIONS IN SUPPORT OF THE BANK'S GROWTH

### LAURENTIAN BANK CAREER STATION

The continuous growth of our organization goes hand-in-hand with a strong demand for new resources and, thus, requires an effective recruitment effort. Since 2011, Laurentian Bank's *Career Station* has served as a permanent recruitment centre located in the Berri-UQÀM métro station. Staffed by a qualified team of 15, this original "job shop" has been designed to attract new talent to the Bank by being uniquely close and accessible to candidates. In 2012, our Career Station recruiters met with some 3,750 potential new employees.

This past year, the Bank also participated in more than 15 career events in Québec and Ontario in order to maximize its visibility and to meet with potential candidates for career opportunities within its branch network and corporate sectors. For example, we were present at numerous job fairs and visited

different academic institutions offering personal banking representative training programs. We also established an official partnership with UQÀM's School of Management Sciences, and our Virtual Network organized a well-attended "happy hour" recruitment gathering at Career Station on November, 2012.

### EMPLOYER BRANDING: PROJECTING OUR PERSONALITY AND VALUES

Within a highly competitive labour market characterized by a shortage of resources, recruitment can pose a formidable challenge. As such, knowing how to attract and, especially, to keep employees motivated in their workplace are two issues that are key to the Bank's growth and development.

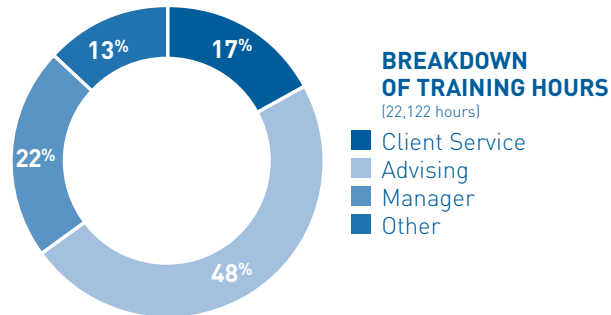
The *Employer Branding* initiative was launched in 2012 to help recruitment efforts by creating and promoting an image of the Bank that projects its distinctive values. In order to better define our corporate identity, we looked to our principal resource —

our employees. Numerous workshops were held involving different levels of personnel from the Bank's various sectors. During these sessions, participants had the opportunity to describe and discuss their daily realities. Moreover, employees were selected to serve as ambassadors of our image, and because every person is unique, each of these ambassadors was invited to identify what defined them from a personal and professional point of view. All of these individual stories served to clearly illustrate the diversity of life at the Bank and the authenticity of its representatives.

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

The organization's training programs 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 culture and common language that serve to support and reinforce its actions.

The Academy demonstrates its innovativeness by eliminating barriers and using non-traditional knowledge transmission methods to better adapt to the changing needs of its clientele. In 2012, 22,122 hours of training were dispensed within the Academy's facilities. 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 2012 exceeded the targets outlined in the *Act respecting workforce skills development and recognition* (Bill 90).

The Academy also pursued numerous existing programs, including:

- *Leaders in Action*, to train 100% of all 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 network employees and managers into their jobs and to help them evolve within the organization and develop required new skills;
- *Change Management*, to sensitize the Bank's various teams to the impact that new projects can have on the organization and its employees.

Moreover, a number of integration programs for new employees were developed within specific sectors last year and adapted to the particular positions being filled.

- **B2B Bank**: Every new employee takes part in a day-long session to be familiarized with the facilities and introduced to the organization and its strategic directions. The new recruits then participate in two to six weeks of training adapted to their respective positions. Through this training, employees get to learn all about their specific tasks and how to successfully accomplish them;
- **SME and Commercial**: New employees take part in a program that pairs them with a mentor to support them in carrying out their functions. The program duration varies depending on the position and is adapted to the particular realities of the sector the employee has joined;
- **Retail and SME-Québec**: Employees who are in direct contact with clients — such as those working in branch locations, at business centres, or on the road — participate in a special integration program that takes their specific tasks into account. For example, branch personnel participate in the *Profession: Banker* program.

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 established in 2007. 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.

In 2011, the Bank introduced a new component to its *Performance Driven* program — the Personal Development Plan (PDP). The 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 requirements. 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 employees.

### SENSITIZATION TO COMPUTER SECURITY

An awareness program focused on computer security was launched in 2012 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 each month to which they must find a solution.

### PROMOTING EQUALITY AT ALL 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



## 100% ACCOMPLISHED

Part work... part pleasure... all gratifying. Because you know what really counts, you're the type of person we need. Come join a team in which the human dimension reigns free!

[LAURENTIANBANK.CA/CAREERS](http://LAURENTIANBANK.CA/CAREERS)



The Employer Branding Program: 100% us

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, 0.3% of the Bank's workforce was made up of aboriginal people in 2012, 0.06% of handicapped individuals, and 15% of members of visible minorities. The Bank also conducts periodic statistical assessments of diversity in the workforce. An employment equity committee comprised of Union representatives and non-unionized employees meets from time to time 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. The male/female ratio weighted by job level is 98% for clerical employees, 100% for professional personnel, and 103% for management positions.

### 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 70% 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 employee benefits, including:

- attractive holiday and vacation privileges;
- group insurance;
- pension and retirement saving plans;
- a program that covers the costs of membership at a sports complex;
- financial benefits allowing employees to take advantage of various promotions on Bank products, such as mortgage loans, banking packages and lines of credit.

Conditions may vary, however, depending on a particular employee's status. The Bank also makes various complementary programs available to its personnel, such as a stock purchase plan, recognition programs, and the opportunity to receive free annual flu vaccinations as part of our commitment to preventing the risks of contamination.

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 counselling for a range of different problems.

Because of its ongoing growth, Laurentian Bank is able to offer an increasing number of career opportunities. With its head office located in Montréal, the Bank's comprehensive job offerings include the full spectrum of management and operations functions typically required by a major financial institution. In view of its size, the Bank has a streamlined hierarchical structure that promotes proximity between employees and managers. Moreover, the organization's corporate culture encourages the assignment of responsibility to employees and fosters their advancement.

### POSITIVE RELATIONS WITH THE UNION

This past December 19, the Union and Bank employees signed a new collective agreement. The six-year accord will be in effect until December 31, 2017.

For Bank management, the Union constitutes a valuable partner in the development of human capital. The Union currently represents some 2,465 employees, or 58% of our workforce, including permanent, part-time and temporary personnel. As such, we are committed to continuing to work in close collaboration with Union representatives. For example, the Complicity program offered exclusively to the 600,000 members of the FTQ and their families was born out of this spirit of close collaboration between our two organizations to develop an initiative that meets the expectations and needs expressed by Union members.

### 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. In the case of an organizational change, the Union will receive a 30-day notice. Furthermore, the Bank applies the different sections of the Canadian Labour Code for its non-unionized employees.

In the area of occupational health and safety, the Bank has an orientation committee in place and has formed a policy committee along with local committees so that all establishments of 20 employees and more can benefit from this structure. The organization is dedicated to respecting its obligations aimed at assuring the health, safety and good hygiene of its personnel during working hours. Moreover, the collective agreement calls for the Bank and the Union to collaborate in promoting the personal and professional well-being of employees.

### A WORKPLACE THAT FOSTERS A SENSE OF WELL-BEING AND FULFILLMENT

Encompassing up to 4,200 employees working at different locations across Canada, Laurentian Bank affords great importance to ensuring that its workplaces foster the effectiveness, performance and well-being of all personnel. In that regard, the ergonomics of work areas is a constant preoccupation. In fact, a total of 70 ergonomic assessments were conducted in 2012, several of which resulted in the modification of furnishings.

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 CEO and members of the Management Committee visit different regions and sectors to meet with employees, talk to and encourage them, and answer any questions they may have. By making themselves accessible in this manner, the Bank's most senior officers help engage and foster a sense of value and pride that is greatly appreciated by employees. During the 2012 tour, some 2,000 employees (almost half of the workforce) had the opportunity to dialogue with the executives.

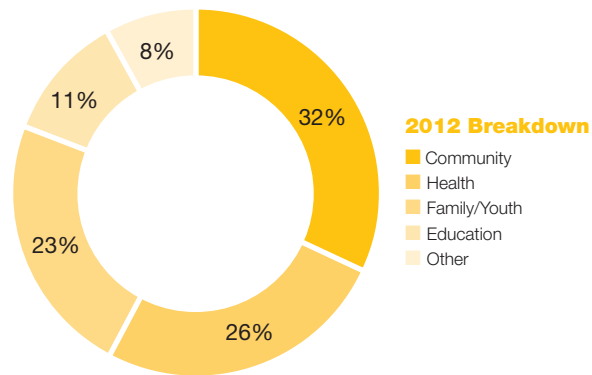
On a related front, Laurentian Bank strives to instil and promote a spirit of volunteerism among its personnel. In that regard, and in line with our value of entrepreneurship, we encourage employees in various ways to get actively involved in their communities, including by offering them our financial support.



# CONNECTED TO THE COMMUNITY

Firm in the belief that its support should not be limited to the financial interests of its clients and that it could be doing much more, Laurentian Bank assures an active presence and lends its assistance in the various regions in which it operates. By so doing, it contributes to the socio-economic development of communities with which it maintains the closest of ties.

During the past fiscal year, Laurentian Bank contributed close to \$2 million to more than 200 organizations and events across Québec, including some \$700,000 in the form of direct donations. The Bank concentrates its actions in certain sectors, its priorities being to contribute to the future of young people and families, to build a healthy society, to encourage mutual aid, and to involve its employees in their respective communities.



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

Laurentian Bank created its Little Heroes Club four years ago to serve as an umbrella for the greater part of its endeavours in the areas of donations, sponsorship and social involvement for the benefit of children and their parents. This approach reflects the Bank's dedication to showing its support for and to forging close ties with its prime client group — families. More specifically, through its active participation in special events with which the Bank is associated, such as soccer leagues, celebrations and festivities across Québec, as well as family and youth-oriented cultural events, the Little Heroes Club encourages youngsters to get involved in their communities' sports, cultural and artistic activities.



In 2012, the Little Heroes Club was on hand at 33 days of events, supported by some 50 employees proud to participate in their communities' family festivities. Various different formulas were developed in order to enable the Club to participate in such a large number of gatherings, including a lighter formula for smaller-scale events, and another adapted to specific themes and featuring the appropriate activities and costumes.

Among the many successful events that marked 2012, more than 1,800 participants enjoyed three days of activities organized by the Little Heroes Club in September as part of the Tall Ships' visit to the Old Port of Montréal. In addition, Laurentian Bank made a donation jointly with other partners to enable 400 young students from disadvantaged areas of Montréal to take part in the festive atmosphere and tour the magnificent vessels on September 14.



Photo: Jean-Baptiste Bénavent  
Québec City Carnaval Challenge

### PROMOTING SPORTS AMONG YOUTH

Soccer remains Laurentian Bank's preferred sport for sponsorship, with close to 40 organizations encompassing more than 40,000 young players having benefited from the institution's support in 2012. These leagues, clubs and associations are scattered across Québec, and dozens of branch network employees are dedicated to being involved with soccer events in a variety of ways throughout the summer season.

For their part, alpine skiing enthusiasts also receive considerable support from Laurentian Bank. For example, 7,000 young skiers have benefited from Bank sponsorships with Ski Québec Alpin. This association is aimed at promoting the development of downhill skiing across the province, while offering direct support to organizations in regions that host competitions. Some 30 Laurentian Bank U16 and U14 circuit events have been the beneficiaries of employee involvement throughout Québec, as has the Québec City Carnival Challenge for children aged 5 to 12.

The Bank is also committed to lending its support to aquatic sports. In that regard, the Neptune Syncro organization, which offers high-level synchronized swimming lessons to children in the Laurentians region, received a grant under the banner of the Bank's employee involvement program created in 2010 and known as *Little +*.

### SIGHTS SET ON SUSTAINABLE DEVELOPMENT

Laurentian Bank promotes partnerships with recognized organizations focused on sustainable development, offering not only its financial support, but also adding its institutional touch. In so doing, it enriches the programming and fosters the development and success of the events it sponsors.

The Bank renewed its mandate in 2012 as Official Presenter of the *In Town Without My Car* event organized by the *Agence métropolitaine de transport*. Under the banner of this event, no fewer than 17,000 tulip bulbs were distributed as a way of thanking public transit users. A portion of the bulbs remaining were

given to three schools on the South Shore of Montréal to help them embellish their exterior environment. In addition, the Bank organized an event called *In public transit, let's ride!* to sensitize the population to the benefits of using public transportation as an alternative to driving solo. Twelve lucky winners were rewarded with as many annual and monthly AMT transit passes.

In the same spirit, one of the Bank's branches played an active part in *PARK(ing) DAY* activities during Sustainable Mobility Week. The aim of this annual international event is to allow people to experience a host of activities that are all staged in urban parking spaces. In an attempt to underline the idea that cities often allocate far too much public space



Rosemère-Lorraine Soccer Club's U5-6F Team



Québec City Mayor's Ball

to automobiles, the initiative not only poses a wonderful green gesture, but it also serves as a means of supporting creative urban design.

In June, the Bank announced a partnership with Nature Conservancy, which included a \$100,000 donation over 10 years to showcase and foster the natural heritage of the Laurentians region. This association will allow for the conservation of habitats essential to safeguarding threatened species, while promoting public access to protected territories for nature discovery activities.

### BRINGING CULTURE TO YOUNG PEOPLE

Laurentian Bank is very interested in developing an appreciation of culture among young people and has been devoted to doing so in tangible ways for the past several years now. For example, 2012 marked the 12<sup>th</sup> year that the Bank has served as a season sponsor of the *Maison théâtre*, a cultural crossroads in downtown Montréal that has been presenting works by up-and-coming and renowned playwrights to young audiences for the past 29 years.

In 2012, the institution also pursued the partnership it established with the *Musée de la civilisation de Québec*. More specifically, the Bank sponsored the *Il était une fois...* permanent magic workshop inspired by fairytales of all kinds and interpreted in an enchanting décor the likes of which may be found in the finest picture books.

### EDUCATION AND DEVELOPMENT OF YOUNG PEOPLE

Because young people represent the future, their education and development is a key priority within Laurentian Bank's donation and sponsorship policy.

In December 2011, for example, the institution contributed to the success of the very first *Québec City Mayor's Ball* to benefit the Québec Youth Foundation. Close to 400 businesspeople from the Québec City area answered the Bank's call to come to the aid of young people. Laurentian Bank's President and CEO, Mr. Réjean Robitaille, served as the Honorary President of the event, which succeeded in raising some \$205,000 — more than twice the ambitious initial target. The funds collected will enable the Foundation to pursue its mission of supporting projects and resources to help girls and boys between the ages of 11 and 17 take charge of their development so as to be better prepared to meet the challenges of adulthood.

In 2012, the Bank established a 10-year partnership with McGill University's Desautels School of Management. This \$200,000 commitment will allow for the awarding of 80 bursaries to undergraduate and graduate students. Inspired by this association, 25 McGill Finance students paid a visit to the Bank's head office.

And, once again this past year, the Bank was an enthusiastic participant in *Ecology Day* orchestrated by the organization known as Children Now.

This entertaining and educational day provided 120 disadvantaged children from the Québec City and Montréal regions to get closer to nature and explore enriching new horizons.

### HEALTH

In recognition of the fact that health is a vital area of public concern, Laurentian Bank offers financial and other types of support to a number of medical centres and healthcare institutions to help them fulfill their respective missions.

Last summer, in view of the disturbing number of drownings having occurred involving young children, the organization decided to do its part to help secure residential pools in Québec by making the installation of fences more accessible. More specifically, the Bank offered pool owners the possibility of financing the installation of a fence by way of an interest-free personal loan. Many pool owners took advantage of this unique offer.



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



# EMPLOYEES COMMITTED TO THEIR COMMUNITIES

Laurentian Bank continues to encourage its employees to contribute to the well-being of society, having put an employee involvement program into place by way of which it offers donations to organizations that its employees have committed to helping. Launched in 2008, the program is aimed at inspiring employees to give back to the communities in which they live and the Bank operates. In 2012, close to \$40,000 was donated to causes dear to the heart of Bank personnel.



Laurentian Bank's Centraide Cup Team

Photo: François Dupont



Media's Big Food Drive

Photo: Paul Duchesneau

## The Media's Big Food Drive

In early December 2012, the Bank renewed its role of Friend of the *Media's Big Food Drive* for the ninth consecutive year. Under the theme, *The Needs Are Great*, more than 1,000 employees mobilized to come to the aid of the less fortunate by installing collection boxes for non-perishable food items and by collecting cash donations. Numerous employees in different cities and towns across Québec also took part in street collections on December 6.

## International Balloon Festival of Saint-Jean-sur-Richelieu

Laurentian Bank has been associated with the International Balloon Festival of Saint-Jean-sur-Richelieu as an Official Presenter for the past six years and is very proud to be supporting this Festival, which ranked in 2011 among the top 10 events having earned Responsible Event Management certification sanctioned by the Québec Standards Council. Under the banner of this collaborative association, the Bank and the Festival implemented the *Little +* program in support of the institution's Retail and SME – Québec Financial Services employees' volunteer activities and community involvements, particularly in causes targeting children and families.

## Ride for Diabetes

A total of 85 Bank employees took part in last year's *Ride for Diabetes* organized by the Juvenile Diabetes Research Foundation. The enthusiastic participants took turns pedalling for the cause under tents installed in Laval, Québec city, and Montréal. At the conclusion of the event, a cheque in the amount of \$18,000 was presented to the Foundation, which the Bank has been supporting for several years now.

## Ball of Stars

In September, Laurentian Bank President and CEO, Réjean Robitaille, served as Honorary Co-President of the Foundation of Stars' grand *Ball of Stars*. Last year's event raised a total of \$1,200,000 in support of paediatric research in Québec.

## Centraide

Through its 2012 internal Centraide fundraising campaign, Laurentian Bank and its employees raised \$252,000 for the fight against poverty and exclusion. Moreover, on September 29, the Bank participated in the very first *Centraide Cup*, a benefit soccer tournament that pitted 25 prominent Montréal business organizations against each other in a friendly competition. The Bank was represented by a team made up of players from its various business units and sectors.

## OLO Lunch

Presided over by Laurentian Bank's Executive Vice-President of Retail and SME Financial Services, Luc Bernard, the OLO Lunch this past October raised \$150,000 in aid of the OLO Foundation. The mission of this organization is to give all babies an equal chance to enter the world in good health by offering a free egg, milk, orange juice, and vitamin and mineral supplements daily to financially disadvantaged pregnant women.

## November

Finally, moustaches of all shapes and sizes were in evidence this past November, as more than 100 Bank employees showed their support of the *November* movement to raise funds for prostate cancer research.

# REDUCING OUR ENVIRONMENTAL FOOTPRINT



For many years now, Laurentian Bank has focused particular attention on its surroundings and on promoting public awareness about environmental issues. In that vein, the Bank is committed to continuously reducing the impact of its activities on the environment, and the gains it has made in this regard go far beyond the purely ecological. Best practices in such endeavours also have positive spin-offs in terms of organizational management and profitability.

A good number of initiatives that encourage the use of sustainable transportation have been implemented by the Bank over the past several years. For example, public transit users in the Greater Montréal area have quick and easy access to their bank accounts thanks to the 81 automated banking machines the institution has installed in subway and commuter train stations and at bus terminals, thus making the public transit experience even more practical.

## OFFICE EFFICIENCY

Given the scale and scope of its activities, the Bank produces a great quantity of corporate documents. Subsequent to a review of publication practices, these reports are now available on our Intranet site, which has allowed us to eliminate the use of paper, as well as printing and delivery services. A significant number of employees and clients have now also agreed to receive their account and Visa statements electronically. In addition, numerous forms to be completed as part of the daily activities of employees have been converted into electronic documents, and a project presently underway will enable us to change over to electronic orientation kits for new employees. As part of this project, some 20 different documents previously in paper format will henceforth only be accessible electronically. This represents a very significant reduction in paper consumption, as these materials were being printed in hundreds of copies.

Furthermore, the Bank continued to replace printers having reached the end of their life cycle with multifunction copiers that allow for an average of 15% savings in energy and printing costs. The use of recycled ink cartridges is also being strongly promoted among all users of printers and fax machines.

Finally, the document you are presently consulting — Laurentian Bank's Social Responsibility Report — has only been printed in a limited number of copies. The Bank is promoting consultation of the Report in electronic format and, thus, has made it available online on its 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 electro-luminescent 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. Moreover, nine branches saw their old oil burners replaced in 2012 with much less polluting and more economical natural gas heating systems.

## 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 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.



## IN TOWN WITHOUT MY CAR

For the third consecutive year, the Bank was the presenter of the *In Town Without My Car* event, organized by Montréal's Agence métropolitaine de transport.



## PARTICIPATING IN INNOVATIVE FINANCING INITIATIVES WITHIN AN EMERGING SECTOR

The Real Estate and Commercial sector joined a financial consortium for Firelight Infrastructure's and SunEdison Group's Bloomsburg project in order to finance a project that will produce **10 megawatts of solar power** in Ontario — or **14 GW/h of clean energy per year** — in Ontario. That is enough to supply electricity to some 1,000 households annually.

### EMPLOYEE AWARENESS INITIATIVES

In 2012, Laurentian Bank participated in the *DÉFI-CLIMAT* (CLIMATE CHALLENGE) program, which was a resounding success thanks to the dynamism, enthusiasm and social responsibility of our employees. Hundreds of people took part in three collective challenges during the campaign — the *Holdin' On To My Mug* Challenge, the *Meatless Lunch* Challenge, and the *Zero Solo Driving* Challenge. These efforts were aimed at promoting awareness among employees of the importance of adopting new habits that have a reduced impact on the environment.

Finally, in response to a proposal originating from an employee survey, the Bank is posting environmental columns on its Intranet site throughout the year. These columns present various simple gestures that can be posed to make a difference in terms of environmental protection, as well as more general information about sustainable development and eco-responsibility.

### 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. In the event of a positive assessment, the firm will provide a certificate of verification of environmental compliance confirming 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 2012 by the Bank's Real Estate and Commercial group for the financing of renewable energy projects, such as hydroelectric dams, wind farms and solar parks. This team is also involved in public-private partnerships for the financing of sports, social and hospital infrastructure projects in various Canadian provinces.

For its part, the Real Estate sector finances the construction of residential buildings and office towers that respect LEED (Leadership in Energy and Environment Design) norms. In addition, projects to be undertaken jointly by the Real Estate and Commercial sectors involving the financing of structures with solar roofs are currently being studied within this emerging market in Ontario.



# APPENDIX 1, 2, 3

## 1 EMPLOYEE POPULATION BY PROVINCE

As at October 31, 2012

PROVINCE	FULL-TIME	PART-TIME	TEMPORARY	TOTAL
Alberta	10	0	0	10
British Columbia	10	0	0	10
Newfoundland	1	0	0	1
Nova Scotia	2	0	0	2
Manitoba	1	0	0	1
Ontario	877	6	174	1,057
Québec	2,640	565	259	3,464
	<b>3,541</b>	<b>571</b>	<b>433</b>	<b>4,545</b>

## 2 LIST OF SUBSIDIARIES

As at October 31, 2012

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) <i>Wholly-owned subsidiaries</i>	Toronto, Canada	446,003	100%
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	Toronto, Canada		
LBC Investment Management Inc. <i>Wholly-owned subsidiary</i>	Montreal, Canada	261,883	100%
V.R. Holding Insurance Company Ltd	St. James, Barbados		
Laurentian Trust of Canada Inc.	Montreal, Canada	87,179	100%
LBC Trust	Montreal, Canada	65,441	100%
Laurentian Bank Securities Inc.	Montreal, Canada	89,933	100%
LBC Financial Services Inc.	Montreal, Canada	6,618	100%

<sup>(1)</sup> THE BOOK VALUE OF SHARES WITH VOTING RIGHTS CORRESPONDS TO THE BANK'S INTEREST IN THE EQUITY OF SUBSIDIARY SHAREHOLDERS.

## 3 INCOME TAX AND TAX ON CAPITAL PAID IN 2012

As at October 31, 2012

IN THOUSANDS OF DOLLARS	INCOME TAX	TAX ON CAPITAL <sup>(1)</sup>	TOTAL
<b>Federal</b>	<b>15,376</b>	<b>-</b>	<b>15,376</b>
<b>Provincial</b>			
Québec	10,877	3,724	14,601
Ontario	4,667	-	4,667
Alberta	226	-	226
British Columbia	85	-	85
<b>Total-Provincial</b>	<b>15,855</b>	<b>3,724</b>	<b>19,579</b>
<b>Total-Federal and Provincial</b>	<b>31,231</b>	<b>3,724</b>	<b>34,955</b>

<sup>(1)</sup> Tax on capital includes the portion of compensation tax calculated on the capital.

# APPENDIX 4

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

Amount authorized – Grouped by client

As at October 31, 2012

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 and over	Total
Alberta	Authorized Amount		\$79,500	\$300,000	\$947,000	\$795,550	\$13,339,000	\$278,468,303	\$293,929,353
	Number of Clients		2	2	2	1	4	24	35
British Columbia	Authorized Amount		\$50,000	\$168,993	\$2,029,050	\$1,065,000	\$26,044,963	\$170,126,500	\$199,484,506
	Number of Clients		1	1	6	2	11	10	31
Nova Scotia	Authorized Amount		\$84,401						\$84,401
	Number of Clients		1						1
Ontario	Authorized Amount	\$120,325	\$1,578,038	\$10,308,601	\$31,078,955	\$80,917,006	\$615,183,646	\$2,257,891,128	\$2,997,077,699
	Number of Clients	16	28	60	88	121	260	170	743
Atlantic Provinces	Authorized Amount			\$200,000		\$500,000			\$700,000
	Number of Clients			1		1			2
Québec	Authorized Amount	\$16,822,325	\$86,182,420	\$174,200,862	\$264,152,754	\$385,426,773	\$1,118,142,143	\$2,425,387,386	\$4,470,314,662
	Number of Clients	1,381	1,818	1,109	767	561	561	176	6,373
Saskatchewan	Authorized Amount		\$35,346	\$119,000					\$154,346
	Number of Clients		1	1					2
Newfoundland	Authorized Amount							\$5,000,000	\$5,000,000
	Number of Clients							1	1
Others	Authorized Amount	\$714,875	\$2,074,565	\$3,205,887	\$4,112,127	\$4,009,851	\$16,540,413		\$30,657,719
	Number of Clients	68	45	20	12	6	11		162
Total	Authorized Amount	\$17,657,524	\$90,084,270	\$188,503,343	\$302,319,887	\$472,714,180	\$1,789,250,164	\$5,136,873,317	\$7,997,402,685
	Number of Clients	1,465	1,896	1,194	875	692	847	381	7,350

# APPENDIX 5

## 5 POLICIES AND CODES

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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 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 in the Workplace  
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  
Code for Service Suppliers



# APPENDIX 6

## 6 OPENED, RELOCATED AND CLOSED AUTOMATIC BANKING MACHINES

As at October 31, 2012

### OPENED

Address	City	Province	Postal Code
475 de Maisonneuve Boulevard East	Montréal	QC	H2L 5C4
910-A Iberville Boulevard	Repentigny	QC	J5Y 2P9
85 Brien Boulevard, Suite E1A (2 banking machines)	Repentigny	QC	J6A 8B6
333 de la Commune West	Montréal	QC	H2Y 2E2

### RELOCATED

Address	City	Province	Postal Code
From 1995 St-Martin Boulevard West to 1699 Le Corbusier Boulevard, Suite 100 (2 banking machines)	Laval Laval	QC QC	H7S 1N2 H7S 1Z3
From 505 de Maisonneuve Boulevard East to 1717 Berri Street	Montréal Montréal	QC QC	H2L 4R6 H2L 4R6
From 2836 Chambly Road to 2588 Chambly Road	Longueuil Longueuil	QC QC	J4L 1M9 J4L 1M5

### CLOSED

Address	City	Province	Postal Code
1400 De Maisonneuve Boulevard West	Montréal	QC	H3G 1M8
1455 De Maisonneuve Boulevard West	Montréal	QC	H3G 1M6
1780 Fleury Street East	Montréal	QC	H2C 1T4
7141 Sherbrooke Street West	Montréal	QC	H4B 1R6

### TEMPORARILY CLOSED

Address	City	Province	Postal Code
333 de la Commune West	Montréal	QC	H2Y 2E2
1801 de Maisonneuve Boulevard West	Montréal	QC	H3H 1J9
104 Elm Avenue	Beaconsfield	QC	H9W 2E4

## OPENED, RELOCATED AND CLOSED BRANCHES

As at October 31, 2011

### OPENED

Address	City	Province	Postal Code
NO OPENINGS OR CLOSINGS			

### RELOCATED

Address	City	Province	Postal Code
1995 St-Martin Boulevard West	Laval	Qc	H7S 1N2

# PERFORMANCE INDICATORS GLOBAL REPORTING INITIATIVES (GRI)

UPON EVALUATION OF THE GRI G3 GUIDELINE APPLICATION TABLE, THIS REPORT MEETS APPLICATION LEVEL C REQUIREMENTS.

INDICATOR	DESCRIPTION	COMMENT	PAGE
<b>STRATEGY AND ANALYSIS</b>			
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	Message from the President and Chief Executive Officer	2-3
1.2	Description of key impacts, risks and opportunities	Message from the President and Chief Executive Officer Annual Report – Outlook and Objectives for 2013 (Page 37)	2-3
<b>ORGANIZATIONAL PROFILE</b>			
2.1	Name of the organization	About Us	4
2.2	Principal products/services and corresponding brands	About Us	4
2.3	Operational structure of the organization, including principal divisions, operating companies, subsidiaries and joint ventures	About Us Appendix 2	4 28
2.4	Location of organization's headquarters	About Us	4
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	About Us Appendix 2	4 28
2.6	Nature of ownership and legal form		Inside cover
2.7	Markets served (including geographic breakdown, sectors served and types of clients/beneficiaries)	About Us	4
2.8	Scale of the reporting organization	About Us	4
2.9	Significant changes during the reporting period regarding size, structure or ownership	The Bank's new face	6
2.10	Awards received during the reporting period	Awards and Distinctions	7
<b>REPORT PARAMETERS</b>			
3.1	Reporting period for information provided		Inside cover
3.2	Date of the last report	2011	
3.3	Reporting cycle		Back cover
3.4	Contact for questions regarding the report or its contents		Back cover
3.5	Process for defining report content		Back cover
3.6	Boundary of the report (i.e. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)		Back cover
3.7	State any specific limitations on the scope or boundary of the report		Back cover

INDICATOR	DESCRIPTION	COMMENT	PAGE
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, out-sourced operations and other entities that can significantly affect comparability from period to period or between organizations	None	
3.10	Explanation of the effects of any re-statements of information provided in earlier reports and the reasons for such re-statement (i.e. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods)	Indicated in this report where applicable	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied since prior report	Indicated in this report where applicable	
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Performance Indicators	32-36
3.13	Policy and current practice with regard to validation of the report by an external source	No external validation	
<b>GOVERNANCE</b>			
4.1	Governance structure of the organization, including committees under the highest governance body (Board of Directors or comparable) responsible for specific tasks, such as defining strategy or organizational oversight	Our Board of Directors: Playing a Vital Role	8
4.2	Indicate whether the Board Chair (or comparable governing entity) is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	Our Board of Directors: Playing a Vital Role	8
4.3	For organizations that have a unitary Board (or comparable structure), state the number of independent Directors and/or non-executive members	Our Board of Directors: Playing a Vital Role	8
4.4	Mechanisms for shareholders and employees to provide recommendations or suggest directions to the highest governance body	Governance Proxy Circular	8-11
4.5	Link between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Our Board of Directors: Playing a Vital Role Proxy Circular	8
4.6	Processes in place to ensure that the highest governance body does not place itself into any conflicts of interest	Integrity: The Cornerstone of Our Business	10
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social issues	Proxy Circular - Information on Corporate Governance (Pages 44-50)	
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance, and the status of their implementation	The Values fuelling our actions Integrity: The Cornerstone of Our Business	6 10
4.9	Procedures applied by the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities as well as adherence to internationally agreed upon standards, codes of conduct and principles	Appendix 5 Annual Report – Corporate Governance (Pages 64-65) Proxy Circular – Schedule E: Mandates and Functions (Page 59-64)	30

INDICATOR	DESCRIPTION	COMMENT	PAGE
4.14	List of stakeholders with whom the organization has relations	Communicating with Our Stakeholders	11
4.15	Basis for identification and selection of stakeholders with whom to conduct relations	Communicating with Our Stakeholders	11
4.16	Approaches to relations with stakeholders, including frequency of contact by type and by stakeholder group	Communicating with Our Stakeholders	11
4.17	Key topics and concerns that have been raised through stakeholder relations, and how the organization has responded to those key topics and concerns, including through its reporting	Communicating with Our Stakeholders The <i>Impact</i> Program Promoting Equality at all levels and in all corners of the organization	11 16 19-20
<b>ECONOMIC INDICATORS</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to investors and governments	Connected to the Community Annual Report – Consolidated Results (Page 35) Annual Report – Management’s Discussion (Pages 22-27)	22
EC3	Coverage of the organization’s defined benefit plan obligations	Banking on our human Capital	20-21
EC7	Local hiring procedures and proportion of executives originating from areas with major operations	Actions in support of the Bank’s growth	18
EC9	Understanding and describing significant indirect economic impacts, including their extent	Connected to the Community	22
<b>ENVIRONMENTAL INDICATORS</b>			
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Reducing our environmental footprint	26-27
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Employing Prudence and Rigour in the Granting of Commercial Loans	27
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No fines	
<b>LABOUR PRACTICES AND DECENT WORK</b>			
LA1	Total workforce by employment type, employment contract and region	Appendix 1	28
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major activity sector	Banking on our human Capital	20-21
LA4	Percentage of employees covered by collective agreements	Positives relations with the Union	21
LA5	Minimum notice period(s) to be respected for dismissal in the event of significant operational changes, including whether it is specified in collective agreements	Work Practices	21



INDICATOR	DESCRIPTION	COMMENT	PAGE
LA6	Percentage of total workforce represented in formal joint management/employee health and safety committees that help monitor and advise on occupational health and safety programs	Work Practices	21
LA8	Education, training, counselling, prevention, and risk control programs in place to assist employees, their families or community members regarding serious illness	Banking on our Human Capital	20
LA9	Health and safety topics covered in collective agreements	Work Practices	21
LA10	Average hours of training per year, per employee, by job category	Laurentian Bank Academy	19
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Laurentian Bank Academy	19
LA12	Percentage of employees receiving regular performance and career development programs	Laurentian Bank Academy	19-20
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Promoting Equality at all levels and in all corners of the organization	19-20
LA14	Male and female base salary ratio, by job category	Promoting Equality at all levels and in all corners of the organization	19-20

#### SOCIAL PERFORMANCE: HUMAN RIGHTS AND PROCUREMENT

HR5	Cases in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	No cases in 2012	
HR6	Cases identified as posing significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	No cases in 2012	
HR7	Cases identified as posing significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	No cases in 2012	
HR9	Total number of incidents of violations involving rights of indigenous people, and actions taken	No cases in 2012	

#### SOCIAL PERFORMANCE: SOCIETY

S02	Percentage and total number of business units analyzed for risks related to corruption	Risk Management	9
S06	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Laurentian Bank does not contribute to political parties	

INDICATOR	DESCRIPTION	COMMENT	PAGE
<b>PRODUCT RESPONSIBILITY</b>			
PR5	Practices related to client satisfaction, including conducting surveys measuring satisfaction	Measuring the client experience by gauging satisfaction An effective complaint resolution process	13 15
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	Connected to the community	22
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome	No cases in 2012	
<b>SECTOR SUPPLEMENT: FINANCIAL SERVICES</b>			
FS2	Procedures for assessing and screening environmental and social risks in activity sectors	Employing Prudence and Rigour in the Granting of Commercial Loans Annual Report – Environmental Risk Management (Page 69)	27
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	Communicating with our stakeholders Employing Prudence and Rigour in the Granting of Commercial Loans	12 27
FS14	Initiatives to improve access to financial services for disadvantaged people	Committed to making our network accessible A constantly expanding network	13-14
FS16	Initiatives to enhance financial knowledge by type of beneficiary	Supporting clients with their mortgage transactions Tools (calculators) available on the Bank's web site	14

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
- B2B Trustco
- 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 pages 32 to 36.

Unless otherwise indicated, the information contained in this document pertains to fiscal 2012 (November 1, 2011 through October 31, 2012).

An integral version of this Social Responsibility Report is available on the Bank's Internet site at [https://www.banquelaurentienne.ca/en/about\\_lbc/my\\_bank/social\\_responsibility.html](https://www.banquelaurentienne.ca/en/about_lbc/my_bank/social_responsibility.html).

*Aussi disponible en français.*

Please submit any comments about this document to:  
Public Affairs, Communications and Investor Relations Department

■ Phone: (514) 284-4500, extension 3901

■ E-Mail: [communication@laurentianbank.ca](mailto:communication@laurentianbank.ca)



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# THE VALUES FUELLING OUR ACTIONS

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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
- 
- 

