

The year



Interview with
Réjean Robitaille, FCPA, FCA
President and Chief Executive Officer

Q How would you describe the last year in terms of performance and results?

A We are operating in a very challenging environment, notably due to economic uncertainty and low interest rates. While we may not be able to control the difficult environment, we can adapt to it by applying our ingenuity and agility. In 2012, we succeeded in setting ourselves apart and posting record results for the sixth consecutive year. We recorded growth rates that are among the highest in the industry in almost all of our lines of business. We created B2B Bank and began the integration of the MRS Companies. When it comes to managing our human capital, employee engagement has increased considerably and we are receiving awards for our unique corporate culture and passion for our business. To strengthen our capitalization and comply with new regulatory requirements, we completed capital issuances totalling \$482 million. Finally, we made a major acquisition, AGF Trust! In terms of results and accomplishments, it was a very satisfying year for the Bank.

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Q You mentioned the acquisition of AGF Trust. Can you tell us more about it?

A Certainly. To begin with, I can tell you that growth – organic or through acquisitions – must be an integral part of the strategy of an organization such as ours. The Bank has chosen both paths. In recent years, we have achieved impressive internal growth and we intend to continue doing so. When it comes to potential acquisitions, we consider whether they will accelerate our action plan and benefit our clients, employees and shareholders. More specifically, we look for acquisitions that complement our existing activities. For example, the acquisition of AGF Trust clearly strengthens B2B Bank's position as a leader in products and services offered to financial advisors across Canada, while diversifying its operations. The same is true of the acquisition of the MRS Companies. Once the integration of these two companies, which is progressing according to plan and on schedule, has been completed, these acquisitions will enable us to improve the quality of our systems and processes, and to widen our geographic reach.

Q How do those acquisitions fit into your broader business plan?

A Our business plan is based on a clearly targeted strategy, on excellent execution, and on our agility. Given the particularly difficult environment in which we are operating, we have incorporated into our strategy four initiatives designed to adapt to this context. These initiatives are to accelerate development of higher-margin activities, increase non-interest income, maintain rigorous cost controls, and consider opportunities for business partnerships and strategic acquisitions. The agreement to distribute Mackenzie Financial Corporation mutual funds is an excellent example of our action strategy. The partnership increases the depth and quality of our wealth management offerings, a field unrelated to interest rates. It is an excellent addition to our line of products and services.

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.



Q The Bank has seen solid growth in recent years. What is the achievement of which you are proudest?

A Most people don't realize that the Bank's total assets have nearly doubled over the past five years, from \$18 billion to \$35 billion. That is a major achievement. The credit belongs, first and foremost, to our employees, since organic growth accounts for the bulk of the increase. Thanks to our employees' hard work and dedication, our clients' trust, our solid business plan and our prudent risk management, we have been able to build an organization that is capable of generating strong internal growth, year after year. In fact, we have one of the highest growth rates in the Canadian banking industry. Without seeking growth at any price, we want to stay on the same course and continue moving the company forward.

Q What is the Bank doing to strengthen its presence across Canada?

A Expanding Laurentian Bank's presence in all parts of Canada is definitely one of our objectives. Business opportunities across the country hold enormous potential for the Bank. There are many advantages to having a pan-Canadian presence, including risk diversification, given the varied economic and demographic profiles of Canada's regions. Across the Canadian market, we will continue implementing a

clear strategy and one that is targeted at specific niches in which we have already developed expertise and competitive advantages. The Bank will never try to be all things to all people. But it has tremendous potential to take a position, ITS position, at the pan-Canadian level.

Q The Bank was very active on the capital front in 2012. Can you elaborate on this subject?

A It is true that 2012 was an excellent year for the Bank when it comes to capital issuances. These issues give us the room to maneuver we need to respect capital ratios, pursue our operations and seize growth opportunities as they arise. Moreover, the success of our issues, which totalled \$482 million, demonstrates the confidence that investors and financial markets have in what we have accomplished over the past several years. That is a very positive signal the market is sending to the Bank.

Q In this regard, what are your investing priorities?

A In a complex and constantly changing regulatory environment, our priorities remain the same. We must ensure that our capital ratios are strong to be able to continue investing in business development and to take advantage of opportunities for growth through acquisitions, such as those we carried out during the past two years. Our sound capital management must also enable us to invest in improvements to our processes, technologies and systems if we wish to be increasingly competitive and innovative in the financial products and services market. Last but not least, healthy capitalization allows us to reward our shareholders, who support us and place their trust in us, by regularly increasing dividends on the Bank's common shares.

Q The Bank is recognized for its corporate culture and the way it manages its human capital. What can you tell us about this?

A Beyond the figures and earnings, we must never forget that there is a human face behind everything a financial institution such as the Laurentian Bank accomplishes. We have had very good relations with our Union for many years. This excellent relationship, which we regard as a true partnership, led to the signing of a new six-year collective agreement in 2012. I am very pleased to be able to say that our employees' commitment, team spirit and pride have grown in recent years. Our efforts have been recognized and rewarded. Laurentian Bank received a prestigious award in the Canada's 10 Most Admired Corporate Cultures Program presented by Waterstone Human Capital, in 2011, and another, Canada's Passion Capitalists program presented by Knightsbridge Human Capital Solutions' in 2012. Canada's Passion Capitalists is unique in that it recognizes organizations that try and succeed in creating passion and generating the energy, intensity, and sustainability needed to produce superior results. These two honours redound to the credit of our 4,200 employees. I pay

tribute to their excellent work in 2012 and thank them for all that they do every day for our clients and for the organization.

Q Speaking of clients, let me ask you directly: why do business with Laurentian Bank?

A To state the obvious, our clients are our main raison d'être. Without our clients and our employees, there would be no Bank! We want our clients to see us as a business partner and adviser of choice in all of our lines of business. Laurentian Bank is recognized for its exceptional service, simplicity and proximity. We need to ensure that these values are reflected in all our daily actions. Regardless of the economic environment, the client must remain our absolute priority and must always be our central concern. This is something we must never forget and one of my priorities is to constantly remind everyone of this fact, even at the risk of repeating myself...

Q How do you see the Bank's future?

A To secure a bright future, you have to build on solid foundations. Today, our Bank is better capitalized than ever. Its balance sheet is very healthy. Its business is well diversified, by sector and geography. Our employees are standouts, our clients are highly satisfied and our shareholders continue to have confidence in us. We are well equipped to continue our growth. We therefore have an excellent base and we will work on the areas where we can improve. We have a clear, sharply targeted strategy that has proven itself over the past several years. For all these reasons, the Bank has a very promising future. It is my fervent hope that our clients, employees and shareholders will be with us for many more years to share in the benefits.

THE YEAR 2012 AT A GLANCE

- Made significant progress in integrating the MRS Companies
- Began to sell Laurentian Bank's funds, in collaboration with Mackenzie Investments
- Added two new members to the Management team
- Signed a 6-year collective agreement
- Transitioned from B2B Trust to B2B Bank
- Launched B2B Bank mortgages
- Opened an LBS office in Winnipeg
- Acquired AGF Trust
- Raised \$482 million of capital
- Increased the quarterly dividend twice