

*A responsible and
committed bank*

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2008 Social Responsibility Report



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A Solid Institution

Poised in the Face of Adversity || Despite the difficult context that has significantly affected the economy and the financial world, fiscal 2008 saw Laurentian Bank achieve excellent results. Thanks to our prudent management approach, we are proud to report that we surpassed all of our financial objectives. Moreover, this excellent performance was realized while improving the means by which we fulfill our responsibilities to our clients, shareholders, and our employees.

In confronting challenges of historic proportions, we are firmly committed to remaining vigilant and to managing our activities with prudence and rigour. These unprecedented circumstances demand that we be more efficient and draw upon our culture of quality service more than ever. At the same time, Laurentian Bank is dedicated to further improving its approach to its clientele and its involvement in the communities it operates in by actively participating in their socio-economic life and lending its support to a range of different organizations.

Our activities in 2008 were guided and inspired by the three priorities the Bank adopted two years ago – increasing profitability, improving efficiency, and developing our human capital. These priorities have played a decisive role in reinforcing the Bank's foundations and in significantly fuelling its development during the fiscal year. They also enabled us to accelerate the improvement of our overall performance as well as that of our core lines of business.



RÉJEAN ROBITAILLE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

In addition to forming the cornerstones of our organizational structure, these business segments bind us directly to our clients, who constitute our very *raison d'être*.

In accordance with our business plan, we have pursued highly targeted development within market segments where we hold distinct competitive advantages. Before investing in these markets, however, we first ensured that they represented a risk level that met our strict criteria. Furthermore, we stayed away from high-risk products that are the source of the economic difficulties of 2008, a strategy that has helped put us in a unique position within the Canadian and North American banking industry. Indeed, this prudent approach has proven to be highly beneficial not only for the Bank, but also for all individuals, groups and enterprises that could possibly feel the financial effects of our activities.

This Social Responsibility Report outlines the actions we have taken over the course of an entire year, provides a detailed profile of how we have conducted our business with prudence and integrity, and illustrates how we have gone about meeting our commitments. We rely heavily on the mobilization and competence of our human capital, the continuous quest for quality and excellence, as well as on our long-term vision to fulfill our responsibilities to our clients, our employees, our shareholders and partners, and to the communities in which we pursue our activities. The Laurentian Bank is firmly committed to assuring its sustainable growth and development.



RÉJEAN ROBITAILLE
PRESIDENT AND CHIEF EXECUTIVE OFFICER

A Multi-Service Institution

Active in Quebec and elsewhere in Canada || Laurentian Bank has established a Canadian presence from coast to coast, offering its clients a fully diversified range of financial products and services. Distinguished by its excellent service, its simplicity, and its proximity to its clientele, the Bank serves the needs of both individuals and small and medium-sized enterprises. It also offers its products to an extensive external network of financial intermediaries through its B2B Trust subsidiary, as well as security brokerage services via Laurentian Bank Securities.

A Major Player in the Country's Economy

Third largest branch network in Québec

Second most admired financial institution in Québec¹

One of the largest third party investment loan provider in Canada

Largest supplier of broker deposits in Canada

1 Commerce Magazine, based on a Léger Marketing survey, February 2009

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MOST ADMIRED
FINANCIAL INSTITUTION
IN QUÉBEC¹

Since its earliest beginnings, Laurentian Bank has been firmly rooted in Québec, where it operates the third largest branch network. Elsewhere in Canada, the Bank is actively involved in targeted sectors where it has earned a dominant position. The institution manages balance sheet assets of more than \$19 billion, as well as administered assets of over \$15 billion. Founded in 1846, its workforce today is made up of some 3,400 employees².

From an organizational standpoint, Laurentian Bank is subdivided into four activity sectors:

- Retail and SME Québec
- Real Estate and Commercial Financing
- B2B Trust
- Laurentian Bank Securities

The Bank operates more than 200 service points, including 156 personal financial banking branches in Québec and 29 commercial business centres across the country. It also offers a network of 342 automatic banking machines. The Laurentian Bank Securities subsidiary conducts its activities through 15 brokerage offices in Québec and Ontario, while the B2B Trust subsidiary has offices in five major Canadian centres.

Laurentian Bank offers a complete and fully integrated array of financial services in Québec, where approximately 60% of its loans are granted. Elsewhere in Canada, the institution provides its products and services through financial intermediaries. It also offers real estate and commercial financing, along with loans via its points of sale.

VALUES AND COMMITMENTS THAT UNITE US

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 follow. 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 the various publics we interact with.

Passion for Client Interests: In providing our clients with the services they need, we actively promote a quality approach with a human dimension that is fuelled by a dedication to excellence. These services are designed to satisfy and surpass client expectations, and our passion for the interests of our clients is what maintains their loyalty and truly sets us apart.

Simplicity: We are constantly striving for simplicity in the development of solutions tailored to specific situations. This simplicity makes us more accessible and open, and it serves as a key to enabling us to continuously optimize our services.

Teamwork: Because our success depends on our collective efforts, our employees are devoted to sharing their know-how, expertise and creativity with one another. Our ability to join forces and work hand-in-hand to accomplish common goals is the very foundation of our success and what makes us a winning team.

Entrepreneurship: In order to foster the Bank's ongoing development, our employees are encouraged to behave as if they were the owners of the organization, while, of course, respecting its policies and principles. Our business clients are entrepreneurs, as are many of our individual clients, and we are intimately familiar with the challenges they face and are always prepared to provide them with the highest quality financial solutions.

Integrity: We value honesty as an essential component of our relations with our clients, shareholders, employees and partners. Consequently, we are dedicated to acting with integrity and discipline at all times, and in so doing, we succeed in earning and retaining the confidence of those we do business with.

OUR COMMITMENTS

To our clients

we are committed to **satisfying** our clients' financial services needs, as well as to **continuously improving the client experience**.

To the community

We are committed to being a **responsible corporate citizen** by supporting cultural, educational and health-related projects. The Bank is also dedicated to **being an integral part of the communities** in which it operates and to participating in their socio-economic life, not only by offering the services needed by individuals and businesses, but also by maintaining the closest of ties to the community.

To our shareholders

We are committed to assuring the **profitable development** of our organization, while respecting the principles of **transparency, integrity** and **ethical behaviour**.

To our employees

We are committed to recognizing the **quality of our employees' work and involvement**, encouraging the development of their **competencies**, and to offering a **fair, dynamic and respectful work environment**.

Our Responsibility to Our Clients

Commitment to our clients || We are committed to satisfying our clients' financial services needs, as well as to continuously improving the client experience.

Over the past few years, the events that led to the financial crisis and economic slowdown that began in 2008 have demonstrated the need for the banking industry to show great prudence. In accordance with its business plan, Laurentian Bank continued to maintain a judicious approach in its actions and decisions of the past fiscal year. Indeed, the financial crisis requires us to remain extremely vigilant and to manage our activities with caution and rigour. The current situation also demands that we be more effective and efficient, and that

we manifest our quality service culture more ardently than ever.

A LONGSTANDING TRADITION OF PRUDENCE

In response to current market conditions, the Bank has had to act and react in a particularly timely fashion.

Within the banking sector, prudence and security always go hand-in-hand. That is why we have implemented various initiatives with respect to transactional security and client confidentiality. This year, for example, we have reinforced the

security of financial operations on our Website by extending the parameters for web passwords to a combination of 8 to 32 alphanumeric characters. This measure follows in the wake of the three-level authentication introduced by the Bank in 2007 to enhance what was already among the most secure systems in operation. We also pursued the implementation of our smart card infrastructure, which will be available to all our clients very soon in accordance with the industry's prescribed timeframe.



In order to secure our operations and limit the impacts of breakdowns or malfunctions on our customer service offerings, the Bank has rigorous processes in place to effectively deal with various eventualities, including disaster recovery tests, operational continuity plans, infrastructure redundancy, and change and incident management. Thus, our clients can continue to receive the best possible service despite the occurrence of any problem that could affect our operations.

Moreover, we have developed an action plan to maintain service continuity in the event of a situation involving major risk, such as a calamity or contagious outbreak of some kind. This initiative is aimed at assuring effective management and operations in circumstances where we may be confronted with a large number of absentee employees.

A CONSTANTLY GROWING NETWORK

Our retail branch network, the third largest in Québec, is distinguished by its accessibility, innovative character, simplicity and quality of service. These branches have continued to undergo improvements over the years, aimed particularly at making them more accessible for clients with limited mobility. For example, as stairs can represent major obstacles for these individuals

and for the elderly, we have increased our efforts to install access ramps, as well as electric door opening systems when requested.

Financial Advisors Accessible to All Clients

At Laurentian Bank, we have instituted our direct financial consulting service, which is a kind of extension to the Bank's branches. This initiative has been designed to offer personalized service for those who are looking for the flexibility of dealing with an advisor over the phone. As such, all clients can call upon designated advisors who will take the time to analyze their situation and provide advice and the best options based on their individual profiles without even leaving their house.

Similarly, we have continued to expand our mobile force. This force consists of a network of experts who make "house calls" to clients in order to discuss their financial needs.

The Bank is always introducing new products and services for its individual clients as well, including new types of mortgage loans, investment instruments and transactional products. Furthermore, Laurentian Bank offer more affordable banking solutions, such as students and seniors who receive special discounts on packages.

Other Accessibility Improvements

In 2008, the Bank completed the replacement of the terminals in its automatic banking machine network. Featuring more modern and secure technology, the new units also offer certain functionalities that facilitate access for clients with special needs, including those with visual impairments who now have the benefit of keypads with Braille characters. As part of its commitment to being close to its clientele, the Bank continued the expansion of its ABM network too, bringing its total number of units up to 342. In addition, our new branches are very often equipped with drive-through tellers that the institution pioneered in Québec. Our network now encompasses 19 such installations, which, again, greatly facilitate client access.

We have also continued to invest in optimizing our branch network. In addition to the 10 new branches we have opened since 2004, we have relocated 14 others to make access easier for clients, and we have renovated 16 locations. In 2008, three branches were relocated and one was closed, as indicated in the table on page 7.



RELOCATED BRANCHES	CLOSED BRANCH
3823 St-Laurent Boulevard, Montréal 3 de la Salette Boulevard, St-Jérôme 5050 Bourque Boulevard, Rock Forest	801 Sherbrooke Street East, Montréal

Furthermore, we continued to focus our attention on branches with strong development potential in key geographical markets like the northern and southern fringes of Montréal, where there is a heavy concentration of our prime young family target clientele

PAYING PARTICULAR ATTENTION TO CULTURAL COMMUNITIES

Thanks to Laurentian Bank’s long tradition of supporting the integration of new arrivals to Canada, the members of cultural communities are very familiar with the institution and know they can count on us to help meet their needs in their adopted new home. In 2008, the Bank established its Cultural Communities Committee with an aim to developing closer ties to ethnic groups and improving services offered to them through such means as signage and service in a variety of languages.

The Committee’s mandate also includes promoting the recruitment of employees from cultural communities. As well, the

Bank is dedicated to delegating “ambassadors” in the various communities, to being actively involved in local events, and to participating in social and cultural associations.

IMPROVED ELECTRONIC TRANSACTION PERFORMANCE

The continuous growth in the number of transactions processed over the Internet requires the Bank to maintain the most technologically advanced Web tools possible. Therefore, we concentrated significantly in 2008 on improving navigation and the information available on the Internet. For example, we redesigned some sections of our Web site in order to make our products and services easier to understand and the site easier to use in general for our clients.

In addition, we have taken steps to make it easier for clients to read our communication materials. As a result, we now use larger typography for our written documents and direct mail intended for people aged 65 and over, and we have

integrated a new functionality into our Web site that allows for adjusting the size of characters on the screen.

On behalf of B2B Trust clients, we have invested in the design of a new Web platform for investment loans, and we have launched a new high interest investment account that is unique on the market in that it offers a guaranteed minimum rate. B2B Trust has also revamped its entire Web site to make it more user-friendly, while Laurentian Bank Securities’ discount brokerage platform has been undergoing its own development as well.

PASSIONATE ABOUT QUALITY SERVICE

Quality of service in all its forms remains one of the aspects of Laurentian Bank that is most appreciated by clients. Of course, quality of service is a fundamental priority for Bank employees who regularly interact with clients, and we periodically review our operations to identify ways in which we may improve within each of our lines of business.

For instance, we have actively pursued the development of our Client Focus program at our branches. The purpose of this program is to stimulate the efforts of employees in order to collectively be able to offer the highest levels of service possible. This initiative is perfectly aligned with one of the Bank’s core values – passion for client interests – which fuels our efforts to promote the quality of our client relations.



PRODUCTS AND SERVICES SUBJECT TO THE HIGHEST STANDARDS

The Bank puts great care and rigour into the design of its products and services. In so doing, it assures that they comply with the laws and regulations by which they are governed, as well as with the industry's codes of conduct.

Furthermore, the institution is committed to ensuring that its full range of products and services embody the values that guide all of its activities. Thus, all offerings must respect the stringent internal norms that also govern its operations and client relations.

AN EFFECTIVE COMPLAINT RESOLUTION PROCESS

Laurentian Bank actively adheres to various elective banking industry codes whose primary purpose is to protect the consumer. In line with our dedication to client satisfaction, we have implemented very specific mechanisms to gather client feedback about Bank policies and the quality of its services, and to establish the quickest way to intervene when a situation requires 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 contact the appropriate authorities as needed.

There are four courses of action we make available to our clients in the event of a complaint. The first consists of addressing Bank staff verbally or in writing. If the client does not obtain satisfaction, we invite them to contact the Bank's Quality and Compliance team directly. If the problem is still not resolved to the client's satisfaction at that point, they can write to the office of the Bank Ombudsman. Finally, the client can contact the Banking and Investment Services Ombudsman. Of course, clients may also get in touch with the Financial Consumer Agency of Canada at any time.

At Laurentian Bank Securities, the policy for the resolution of complaints and disputes adheres to the stipulations of the Act Respecting the *Agence nationale d'encadrement du secteur financier* (Bill 107). The application of the policy is the responsibility of the senior compliance officer acting under the authority of the Chief of Compliance. If the complainant is not satisfied after the complaint is examined or with the results of the assessment, they can request that their file be forwarded to the *Autorité des marchés financiers*.

In the case of B2B Trust, complaints may be phoned in to the call centre or submitted directly to the manager concerned. Once a complaint is received, it is processed by the Investigations and

Adjustment Department. It can also be addressed to the Bank's Quality Management Department or to B2B Trust's Vice-President of Operations. After calling upon the complaint resolution process, the client could contact B2B Trust's Ombudsman (who also acts on behalf of Laurentian Bank), or the Banking and Investment Services Ombudsman in Toronto, or the *Autorité des marchés financiers'* Consumer Assistance Centre in Québec.



Our Societal Responsibility

Commitment to the community || We are committed to being a responsible corporate citizen by supporting numerous initiatives. The Bank is also dedicated to being an integral part of the communities in which it operates and to participating in their socio-economic life, not only by offering the services needed by individuals and businesses, but also by maintaining the closest of ties to the community.

ACTIVELY INVOLVED IN THE COMMUNITY

As part of its commitment to being a socially responsible corporate citizen and to contributing to the well-being of society, in 2008, Laurentian Bank awarded more than \$615,000 to charitable organizations and public service institutions. The organization concentrates its actions in a certain number of sectors, its priorities being to support the future of young people and their families, to build a healthy society, and to encourage mutual aid and the involvement of its employees in their community.

Furthermore, Laurentian Bank is an organization devoted to integrating into the communities in which it has established its presence. More specifically, it strives to

be a meaningful part of the socio-economic fabric of these communities by offering products and services to individuals and businesses, but also by intervening in global concerns at the local level as a socially responsible contributor.

Under the banner of this commitment, the Bank sponsors a diverse range of good works that reflect its values. In so doing, it lends both its financial and human resources on a volunteer basis to a number of worthy causes.

THE LITTLE HEROES CLUB: MAINTAINING CLOSE TIES TO YOUTH

In 2008, the Bank manifested its dedication to families in a new form with the creation of the *Little Heroes Club*. This new signature unites the majority



of the Bank's donation, sponsorship and social involvement initiatives in aid of youth and families under a single umbrella.

The Bank's approach in this regard reflects its commitment to showing its support and to forging strong ties with its prime client group - families. Through the various events that it sponsors, the institution is devoted to enabling young people and their loved ones to enjoy a wealth of unique and memorable experiences, in the process, contributing to promoting children's self esteem by highlighting their accomplishments large and small.

Through its active involvement in special events like soccer competitions, celebrations and festivities across Québec, and family-oriented cultural events, Laurentian Bank's *Little Heroes Club* encourages youngsters to get involved in their communities' sports, cultural and artistic activities. At events held during the summer of 2008 alone, more than 850 young people were inducted into the *Club*.

OUR VALUES IN ACTION

Over the years, our social interventions have grown increasingly in nature and scope. Today, the Bank's involvements take three fundamental forms - donations, sponsorships of primarily family-oriented events, and employee participation as volunteers in different activities and organizations.

Youth and Family Soccer

- For a number of years now, Laurentian Bank has been actively lending its support to the practice of soccer. The Bank is associated with several soccer associations and clubs, and it is dedicated to the development of the sport. Following are some of the organizations that benefited from our assistance in 2008:
 - South Shore Regional Soccer Association
 - Mauricie Soccer Association
 - Outaouais Regional Soccer Association
 - Alma Soccer Association
 - Pointe-aux-Trembles Soccer Association
 - Rivière-des-Prairies Soccer Association
 - Ahuntsic Braves Soccer Club
 - New Richmond Soccer Club

Family Celebrations and Festivals

- In taking the interests of families very much to heart, the Bank is involved in a continuously growing number of family-oriented events to the delight of thousands of individuals each year. These involvements take a very tangible form, including not only financial support, but also lending other corporate resources to the development of the events. Some of the festivities we

played an active role in during 2008 include the following:

- International Balloon Festival of Saint-Jean-sur-Richelieu
- *Blainville en fête*
- *La Grenouille en Fête* in Chambly
- *Festival d'été de Beloeil*
- *La Prairie en Fête*
- *Le Mondial des Cultures de Drummondville*

Youth Education and Youngsters

- Laurentian Bank is very concerned about the development of our young people and is contributing in concrete ways to promoting their health by offering its support to a number of different organizations. One of the most visible events we participated in during 2008 was the benefit performance organized in aid of the Québec Breakfast Club and held in conjunction with the International Balloon Festival of Saint-Jean-sur-Richelieu. Tickets for the show were sold in our 156 branches, allowing us to raise \$70,000 for the Breakfast Club and other local causes.
- The Bank also has a longstanding association with Jeunesses Musicales of Canada as a proud partner of Music Week during spring break. In addition, we actively support the activities of the following organizations:
 - *Maison Théâtre*
 - *Fondation du Centre jeunesse de Montréal*



- *Fondation OLO*
- Canadian Children's Wish Foundation
- *Fondation des Gouverneurs de l'Espoir*
- Dukes of Edinburgh's Award
- *Université de Montréal* and UQAM Foundations

Health

Health is a primary preoccupation among the population, and as such, Laurentian Bank supports the respective Foundations of numerous hospitals, medical centres and organizations working in the health-care sector. These include the following:

- Montréal Heart Institute Fondation
- Sainte-Justine Hospital Foundation
- *Fondation de l'Hôpital régional de Saint-Jérôme*
- *Fondation Cité de la Santé*
- *Fondation du Centre hospitalier de Granby*
- *Fondation de l'Hôpital Charles-Lemoyne*
- *Fondation de l'Hôtel Dieu d'Alma*
- *Fondation du Centre hospitalier universitaire de Québec*

Employee Involvement

With the goal of extending its reach and complementing its financial support initiatives with the dedication and dynamism of its employees, the Bank encourages its people to get involved with local communities. As part of that commitment, we devote considerable effort to sensitizing

and mobilizing our employees, and in 2008, we introduced the Be a Hero program to motivate our people to participate in worthy causes within their respective milieus. Through yet another original initiative – Auction off my boss – we raised \$30,000 to benefit different organizations.

Employees have responded admirably to the Bank's call for their involvement, having shown their support to numerous deserving organizations over the course of 2008. Their dedication and volunteerism have taken a number of different forms. For example, one of our employees served as President of a provincial pee-pee hockey tournament. Some 50 other employees contributed their efforts to raising funds for diabetes research. A group of branch employees served breakfast to school children in their area under the banner of the Québec Breakfast Club's endeavours. Others lent their service to Operation Red Nose during the holiday period.

Over the past five years, our employees have also been actively involved in the *Big Media Food Drive*, an annual event that takes place at the beginning of December. During this special day, more than 1,000 employees typically play an important role in the organization of fundraising activities at our branches, business centres and corporate buildings. This campaign is anxiously awaited by our people, and their enthusiastic contribution helps make the holiday period much more

pleasant for many disadvantaged individuals each year.

In the same spirit, the Bank has been organizing a number of golf tournaments over the past several years, with the proceeds being allocated to help various different organizations. In 2008, hundreds of players (mostly Bank clients and partners) answered our call and allowed us to raise approximately \$103,000. The beneficiaries of these funds included the following:

- *Soupière de l'amitié de Gatineau*
- *Maison Mathieu-Froment-Savoie*
- *Centre de répit Philou*
- *Fondation des Gouverneurs de l'Espoir*
- *Carrefour des enfants de St-Malo*
- *Fondation Cité-Joie*
- The Duke of Edinburgh's Award

Adding their personal donations to the Bank's corporate contribution, our employees' generosity also greatly benefited the Centraide campaign in Montréal, and in every region of Québec. In all, close to \$250,000 was remitted to Centraide of Greater Montréal and to other regional Centraide organizations.



Our Business Practice and Management Responsibilities

Commitment to shareholders || We are committed to assuring the profitable development of our organization, while respecting the principles of transparency, integrity and ethical behaviour. The subject of corporate governance is of the utmost importance to Laurentian Bank. This primordial concern has enabled us to evolve and prosper with respect for integrity and in compliance with the laws and directives that regulate our actions.

In addition to these external directives, we have established our own rules of corporate governance and policies aimed at providing a framework for our activities and our relations with all our publics. Invariably, good corporate governance is reflected in all of the Bank's management practices, which are fuelled by the highest standards of ethical conduct.

EXEMPLARY CORPORATE ADMINISTRATION

All members of the Board of Directors, with the exception of the President and Chief Executive Officer, are independent

administrators and not accountable to management. This independence is determined by a series of criteria established by the Human Resources and Corporate Governance Committee, which is responsible for evaluating each Director. The details about the composition of the Board of Directors and its committees are available in the Management Proxy Circular for the Bank's Meeting of Shareholders, which is posted on our Web site.

Essentially, the Board of Directors plays a monitoring role with respect to the management of the organization's com-

mercial 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 the general actions of Directors, their contribution to the work of the Board and its committees, insider transactions, 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 Auditing 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 Management Proxy Circular.

In September 2008, Laurentian Bank was honoured with an award at the second annual Gala des cravates organized by the Institute of Corporate Directors in conjunction with the Governance and Financial Markets in North America Conference. This competition is held to recognize excellent work accomplished by Directors of organizations or Boards of Directors in Québec. The Bank was distinguished in the Blue Tie category, acknowledging its outstanding financial and stock market performance.

Laurentian Bank also placed 28th among the 241 S&P/TSX index companies as part of the *Board Games* presented by the *Globe and Mail* newspaper's *Report on Business* magazine. This directory evaluates the governance practices of corporate Boards of Directors based on four criteria – composition, compensation, shareholder rights, and disclosure of information practices.

A PRUDENT APPROACH IN THE FACE OF TROUBLED TIMES

The financial crisis and economic slow-down that marked the last few months of fiscal 2008 were particularly trying for investors. However, thanks to the commitment of the management team and the excellent spirit of cooperation it maintained with the Board of Directors, the Bank succeeded in posting exceptional performance within the difficult context plaguing the financial services industry. Monitoring the situation closely, the Bank's Board reaffirmed its determination to continue to act meticulously in the best interests of shareholders over the course of the months and years to come. To fulfill its mission and pursue its development, the organization must maintain its ongoing and rigorous focus on the regulatory

framework and the business environment in which it operates.

In recognition of the issues and challenges that this economic climate poses for the Bank, the Board of Directors, in turn, must assure that the institution possesses all the means necessary to protect its financial solidity. As such, Board members have continued to be extremely vigilant with respect to risk management.

PRACTICING HEALTHY MANAGEMENT

When Laurentian Bank conducted an exhaustive revision of its positioning to establish its new business plan in 2005, its objectives were determined based on its long-term vision. The Bank decided to continue to invest in its human and material resources in order to assure that it had the means to grow on solid foundations, promoting long-term development and short-term profitability alike.

This well founded positioning constitutes the crucial cornerstone upon which we are building our organization. In so doing, we are providing our shareholders with the benefits of our solid financial position and favourable balance sheet and capital ratios, along with healthy portfolios of assured mortgages and individual deposits.

At the same time, we have adopted an effective strategy based on our strengths and competitive advantages. These include an extensive presence in Québec, where we operate the third largest branch network, a diverse slate of activities within market sectors across Canada where we excel, as well as an array of high quality products and services fully adapted to meet the specific needs of our clientele.

The Bank also respects the law facilitating the creation of a national do-not-call list. This list is updated daily from the Canadian Radio-Television and Telecommunications Commission's Web site. In addition, we maintain our own internal list of clients who have asked not to be solicited on a monthly basis.

Finally, Laurentian Bank has taken steps to conform to the Canadian regulation governing the certification of financial

information presented in its financial statements and other documents issued annually and periodically.

INTEGRITY: A GUIDING LIGHT FOR LAURENTIAN BANK

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. For more than 160 years, the Bank has enjoyed a reputation for acting with honesty and integrity in the management of its affairs and the conducting of its transactions with its clientele.

28TH

LAURENTIAN BANK IS RANKED 28TH AMONG THE 241 S&P/TSX INDEX COMPANIES AS PART OF THE BOARD GAMES AWARDS PRESENTED BY THE GLOBE AND MAIL NEWSPAPER'S REPORT ON BUSINESS MAGAZINE.

In order to assure that its values are respected and, thereby, protect its reputation, the Bank has created a Code of Ethics that promotes ethical 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. As such, the Bank's Code of Ethics pertains to all personnel and stipulates the basic rules that must be adhered to by every employee. As well, certain categories of professionals are subject to particular directives under the authority of the professional order to which they belong.

In order to assure respect of its regulatory obligations and the application of rigorous business practices in the execution of its mandate as a financial institution, the Bank has implemented a range of different policies concerning the following:

- Management of operational continuity
- Handling of complaints and comments about seemingly questionable practices
- Laundering of proceeds of crime and money used to finance terrorist activities
- Protection of personal information
- Management of risks related to professional responsibility
- Management of operational risks
- Insider information and prohibited transactions involving Bank securities
- Disclosure of information
- Security of information
- Assignment of external directorships
- Compliance
- Credit
- Management of Treasury risk
- Management of risks to reputation

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 as described earlier, 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 to light any situation or financial information that may have been intentionally falsified in the course of Bank operations.

With respect to the efforts to curb money laundering and terrorist activity, the Bank has developed 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.

SUSTAINABLE DEVELOPMENT: A COLLECTIVE DUTY

In this era of increasing concern for the environment, the Bank and its employees are more conscious of ecological issues than ever. Indeed, the firm desire of a growing number of individuals to do their part today has given rise to numerous initiatives to reduce environmental impact.

In addition to recycling and recovery, the Bank is committed to managing its

operations so as to limit the ecological effects of its activities while promoting the optimal use of its material resources. Moreover, the organization takes environmental questions into consideration as well as part of its credit assessment and asset acquisition procedures.

During the course of our day-to-day activities, we rely upon the active cooperation of our employees at all levels. Fuelled by this collective commitment, we have implemented a number of successful initiatives focused on sustainable development, including the following:

- Recycling of outdated computer equipment: A formal process has been developed in conjunction with Geep Ecosys for the recycling and resale of such equipment.
- Recycling of cell phones: When they reach the end of their useful lifespan, all of the Bank's cell phones are sent to a recovery and recycling organization that works in the area of social rehabilitation.
- Posting of a significant portion of operational communications on the intranet: Aimed at reducing or eliminating the circulation of printed documents (product sheets, promotional material, updates, sales tools, etc.), this initiative has resulted in substantially less use of paper and envelopes, as well as limiting the need for delivery mechanisms. In addition, several forms used in the daily course of business have been converted into electronic format.
- Forwarding of client invoices via the Postel service: From 2007 to 2008, the number of Postel invoice transmissions increased by close to 30%.

- Direct mail documents inserted in bills and other marketing materials are systematically printed on recycled paper (Enviro 100) with biological ink.
- Upon their arrival, new employees of the Bank's administrative centres receive a set of reusable dishes and utensils (which existing employees already have). This initiative has averted the annual disposal of 52,000 plates, 4,000 bowls, more than 100,000 plastic utensils, and 36,000 table napkins.
- All new Bank branches are equipped with dishwashers in order to reduce the use of disposable plastic plates.
- The centralized automatic banking machine Counting Centre systematically reduced the use of paper for these machines in the order of 65,000 sheets per year.
- The overall efforts to diminish paper usage in 2008 resulted in a total of 2.4 million pages being saved.
- As part of its efforts to lessen its environmental impact, the Bank has adopted a policy on floor coverings at all of its network installations that favours the use of carpeting made of recycled fibre.

THE OVERALL EFFORTS
TO DIMINISH PAPER USAGE
IN 2008 RESULTED
IN A TOTAL OF

2.4

*millions pages
being saved*

Finally, this Social Responsibility Report has been printed in limited quantities because we have made it available on our Web site, thus saving hundreds of trees.

Our Responsibility to Our Employees

Commitment to our employees || We are committed to recognizing the quality of our employees' work and involvement, encouraging the development of their competencies, and to offering a fair, dynamic and respectful work environment. || The development of our human capital is one of the three priorities that guide our actions and serve to solidify our foundations. In order to fulfill our mandate, which consists essentially of offering quality financial services by deploying the required resources and competencies, we must be able to call upon the contribution of each and every employee and their dedication to our collective success.

That is why we continue to invest in our human capital, and in so doing, provide the organization with the solid bases that will support its development in the long-term. Moreover, because employees who enrich their personal knowledge and skills add considerable value to the Bank, we

encourage them to develop their full potential by means of various programs and activities.

Similarly, our integration process provides the winning conditions to facilitate the entry of new recruits into their positions. For its part, our performance

management program offers employees valuable feedback and the support they need to hone their capabilities.

In addition, through other internal resources like our unique Laurentian Bank Academy training centre and our accredited external resources, our employees have all

the opportunities they need to help them maximize their talents and know-how and to advance in their careers.

A SPIRIT OF COOPERATION WITH THE UNION

For Bank management, the union constitutes an important partner in the development of human capital. Furthermore, it is quite clear to management that the interests of the Bank and those of its employees are convergent. That is why we strongly advocate the development of an increasingly solid relationship with our union, promoting the harmonious management of labour relations at the same time.

The union represents some 2,400 employees, or two thirds of our workforce. We are continuing to work in close collaboration with union representatives, as the mutual understanding we have developed over the years has proven to be highly beneficial to all parties concerned.

TRAINING:

A PRIME DEVELOPMENT TOOL

As a complement to the training offered by the Laurentian Bank Academy, last year saw the introduction of our *Leaders in Action* program, whose purpose is to reinforce the individual competencies of our branch managers. We are also placing greater and greater emphasis on the development of our employees' skills. While the individual approach is most commonly used, our various sectors have put initiatives into place that serve to enhance certain key competencies required within the overall framework of their specific activities.

Performance management is also a major area of focus within Laurentian Bank. Known as *Performance Driven*, our comprehensive performance management program is designed to ensure that each employee's obligations are well aligned with the Bank's priorities and objectives. As such, every individual is called upon to focus on what takes the greatest priority for the organization in carrying out their day-to-day activities.

As well, the Bank devotes a lot of attention to its program aimed at facilitating

the integration of new employees. This program is meant to assure that, as of their arrival, new recruits adhere to the Bank's culture and apply our stringent norms related to service quality. To demonstrate the importance that we afford to their integration, a member of the Management Committee participates in each *Introducing LBC* presentation to new employees.

FAIRNESS:

A VITAL PRINCIPLE

Fairness is a principle that the Bank puts into practice in each and every one of its activities. In so doing, we promote the proactive management of human resources, and we act in the belief that diversity constitutes not only an added value within the organization, but also a key to boosting our competitiveness. Ultimately, by totally embracing the principle of equity, our goal is to provide our employees can enjoy equal access to opportunities to attain their full potential.

OUR PERSONNEL:

THE BANK'S MOST VALUED ASSET

An organization distinguished by its human dimension, Laurentian Bank offers its employees the chance to mobilize 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.

Operating in an industry which relies heavily on the best knowledge and skills, we spare no effort in offering competitive compensation and a comprehensive array of employee benefits, including attractive holiday and vacation privileges, group insurance adapted to the family situations of employees, and defined benefit and/or defined contribution retirement plans. The Bank also offers advantageous credit rates on loans and on its VISA card, as well as a reduced rate on banking transactions. In addition, we make various complementary programs available on behalf of our personnel, such as a stock purchase plan, recognition programs, and

57%

OF THE BANK'S
MANAGEMENT POSITIONS
ARE HELD BY WOMEN

a support program for those experiencing personal problems.

In view of its continuous growth and development, Laurentian Bank is able to provide an increasing number of career opportunities. With its head office located in Montréal, the Bank has a diverse range of positions available within all functions typically found in a major financial institution. Indeed, human resources constitute one of the Bank's major business priorities, and despite its significant size, the organization has a streamlined hierarchical structure that promotes proximity between employees and managers. Moreover, the Bank's corporate culture encourages the assignment of responsibilities and the empowerment of its personnel, thus further fostering their advancement.

Laurentian Bank is also a strong advocate of women in the workplace. With four of its 13 (or 30%) members being women, our Board of Directors has the largest female representation of any Board within the Canadian banking industry. Furthermore, more than half (57%) of the Bank's management positions are held by women.

A HEALTHY WORKPLACE

Laurentian Bank is firmly committed to providing its employees with a workplace that promotes their effectiveness and performance, but also their well-being. In 2008, the Bank commissioned an ergonomist to conduct a study comparing various types of chairs in order to adopt one single model to be progressively put into use at all of its establishments. Upon the request of employees, the specialists completed many ergonomic assessments of individual work stations. To date, more than 90% of the Bank's total inventory of chairs has been replaced by new, more ergonomic models. The remaining interventions are focused on equipment specific to particular personal conditions.

The organization has also mandated a joint working committee to see to the renovation of the counters at certain branches acquired from another financial institution a few years ago. This has given rise to a procedure for the modification of existing counters with the help of an ergonomist, staff members, as well as various sectors. The progressive implementation of the protocol at all branches will span a period of four years. To date, 13 of 35 branches have been modified.

On another front, the Bank pursued the training of first aid teams at all of its establishments. Through this initiative, a total of 276 unionized and non-unionized employees have already undergone this training, which is valid for three years.

In 2008, Laurentian Bank introduced the Internal Complaint Resolution Procedure aimed at accelerating the process of correcting situations that place employee health and safety at risk. The organization also installed alcohol-based antiseptic soap dispensers at all its establishments in order to reduce the potential risks of

any kind of contamination. Furthermore, we put new provisions of the federal regulation into place related to the prevention of violence in the workplace.

The Bank strives to ensure that its employees have all the information they need to properly accomplish their tasks. As such, they have continuous access to the intranet, which is an outstanding work tool that is constantly evolving as a result of its extensive daily use by employees.

In 2008, the institution continued to honour employees who have shown exceptional performance in their professional activities with the Guy-Vanier Award, which is presented to individuals, and the Ray McManus Award, which recognizes group efforts. These distinctions serve to formally acknowledge the accomplishments of individuals and teams who have played an active role in initiatives that have had a direct impact on the Bank's results and growth.

For its part, the Retail and SME Québec sector also recognizes the exceptional performance of employees each year. Through its Club Select program, the business unit honours members of its personnel who demonstrate qualities to which the Bank attaches great importance and who, thus, contribute to its growth and success. The program's selection criteria are based on our five corporate values – passion for client interests, simplicity, entrepreneurship, integrity and teamwork.

Finally, in order to pay tribute to those who have helped build the organization over the years, the Bank has a program in place that recognizes years of service. Under the banner of this initiative, the Bank formally thanks its loyal employees for their contribution by underlining their precious support over the entire course of their career.

Appendix 1.

LIST OF SUBSIDIARIES WHOSE CONTRIBUTIONS ARE REPRESENTED IN THIS REPORT

On October 31, 2008

CORPORATE NAME	HEAD OFFICE LOCATION	VOTING RIGHTS SHARES HELD BY THE BANK ⁽¹⁾ (IN THOUSANDS OF DOLLARS)	VOTING RIGHTS SHARES HELD BY THE BANK
B2B Trust	Toronto, Canada	\$ 267,305	100%
Laurentian Trust of Canada Inc.	Montreal, Canada	\$ 77,980	100%
LBC Trust	Montreal, Canada	\$ 54,608	100%
Laurentian Bank Securities Inc.	Montreal, Canada	\$ 30,876	100%
LBC Financial Services Inc.	Montreal, Canada	\$ 2,364	100%

(1) The book value of shares with voting rights corresponds to the Bank's interest in the equity of subsidiary shareholders.

Appendix 2.

EMPLOYEE POPULATION BY PROVINCE

On October 31, 2008

PROVINCE	FULL-TIME	PART-TIME	TEMPORARY	TOTAL
AL	10	0	1	11
BC	8	0	0	8
NL	1	0	0	1
NS	1	0	0	1
ON	355	3	42	400
QC	2,406	637	311	3,354
TOTAL	2,781	640	354	3,775

On October 31, 2008, the number of full-time-equivalent employees totalled 3171.

Appendix 3.

FINANCING BY COMMERCIAL CLIENT LOAN - AMOUNTS AUTHORIZED DURING THE YEAR

On October 31, 2008

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
Québec								
Authorized amount	15,397,782	90,532,963	167,082,379	206,517,278	260,593,952	668,602,823	703,653,643	2,112,380,820
Number of clients	1,308	1,841	1,093	617	382	342	61	5,644
Ontario								
Authorized amount	169,050	958,956	3,691,702	8,637,925	32,378,730	185,598,124	250,030,248	481,464,735
Number of clients	16	17	22	26	45	92	26	244
Autre								
Authorized amount	17,000	0	168,993	0	0	2,200,000	0	2,385,993
Number of clients	1	0	1	0	0	1	0	3
Total								
Authorized amount	15,583,832	91,491,919	170,943,074	215,155,203	292,972,682	856,400,947	953,683,891	2,596,231,548
Number of clients	1,325	1,858	1,116	643	427	435	87	5,891

Appendix 4.

INCOME TAX AND TAX ON CAPITAL PAID IN 2008

As of October 31, 2008 (in thousands of dollars)

	INCOME TAX	TAX ON CAPITAL (1)	TOTAL
Federal	4,710	–	4,710
Provincial			
Québec	293	8,753	9,046
Ontario	579	896	1,475
Alberta	79	–	79
British Columbia	–	297	297
Total-Provincial	950	9,946	10,896
Total-Federal and Provincial	5,660	9,946	15,606

(1) Tax on capital includes the portion of compensation tax calculated on the capital.

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