

Blue Chip ActionGIC (hereinafter “ActionGIC”) Reference Index

The reference index is based on the S&P/TSX60. The Bank has no control over fluctuations in the reference index and does not guarantee any return. The final performance of the ActionGIC may not be the same as a direct investment in the index. The value of the index used to calculate the final rate of return of the index will not include any distributions or dividends declared by the securities that compose the index.

1. **General.** The ActionGIC issued by Laurentian Bank of Canada (hereinafter the “Bank”) is a guaranteed investment certificate with a return, if applicable, based on the performance of a reference index (see Paragraph 4) between the issue date and maturity date. The principal amount is always fully guaranteed; however, it does not bear any fixed interest rate and is only repayable at maturity.
2. **Maximum rate of return.** The maximum rate of return of an ActionGIC is always determined before the beginning of sales and may vary from one issue to another. It is the maximum rate of return for the duration of the investment, and not for one (1) year only.
3. **Term of Investment.** The term of the ActionGIC is as indicated on the Disclosure Notice and Purchase Agreement. No withdrawals or partial or total transfers are permitted prior to the expiry of the term. This investment is not redeemable in any secondary market. The Laurentian Bank of Canada (hereinafter the “Bank”) ActionGIC is not redeemable prior to maturity under the Home Buyer’s Plan (HBP) or the Lifelong Learning Plan (LLP). The ActionGIC is eligible for investment in a Registered Retirement Income Fund (RRIF). In the event of a withdrawal from the RRIF-held ActionGIC, no interest shall be paid, including the minimum return guaranteed, and only the capital will be paid out at maturity.
4. **Rate of Return Calculation.** The final rate of return (or payable interest) of the ActionGIC is calculated based on the performance of the reference index. The return is calculated between the issue date (Initial Value or IV) and the maturity date (Final Value or FV). The value at maturity (Final Value or FV) is calculated using the average value at closing on the three (3) dates in the table below. If one of the dates hereunder does not fall on a business day or if an extraordinary event occurs, the value of the reference index shall be calculated using the closing value of the reference index in effect on the Toronto Stock Exchange’s next business day following this date.

Date 1	2 months before date 3
Date 2	1 month before date 3
Date 3	1 week before maturity

The final rate of return of the reference index is calculated using the following formula:

$$\text{Final rate of return of reference index} = \frac{\text{FV} - \text{IV}}{\text{IV}}$$

IV: Value of the reference index on the day of issue.

FV: Average value of reference index on the foregoing three (3) dates above.

Two examples of final rate of return calculation:

Example 1: The reference index IV is \$1,000. The FV average on the three dates (date 1 = \$1,350, date 2 = \$1,400 and date 3 = \$1,450) towards the end of the Term is \$1,400. The rate of return of reference index is therefore equal to 40%. This example assumes that the investment will mature at the end of an X-year term with a maximum return of 35%. The Rate of return in this example is therefore capped at 35%.

Example 2: The reference index IV is \$1,000. The FV average on the three dates (date 1 = \$1,000, date 2 = \$900 and date 3 = \$950) towards the end of the Term is \$950. The rate of return of reference index is therefore equal to -5%. This example assumes that the investment will mature at the end of an X-year term with a maximum return of 35%. At

the end of the term, the investor will therefore receive the capital invested, i.e. \$1,000 with no earned interest due to the negative Return of the index.

Please note that the return of the reference index may be impacted by extraordinary events as described in Paragraph 11.

- 5. Withdrawals.** No withdrawals or partial or total transfers are permitted prior to the expiry of the term. The Bank's Blue Chip *ActionGIC* is not redeemable prior to maturity under the Home Buyer's Plan (HBP) or the Lifelong Learning Plan (LLP).
- 6. Eligibility for tax returns.** The *ActionGIC* is eligible for a Retirement Savings Plan (RSP), Tax-Free Savings Account (TFSA) and Retirement Income Fund (RRIF). It can also be held in non-registered accounts. When a withdrawal is made from a Blue Chip *ActionGIC* held in a RRIF, the total sum invested will be withdrawn from the Blue Chip *ActionGIC*. The sum exceeding the amount withdrawn will be deposited in the RRIF cash balance. Because the return is only known at maturity, no interest, including the minimum return guaranteed, shall be paid. Only the capital will be paid out to the client at maturity.
- 7. Tax considerations and interest payment.** According to current tax laws that apply to Canadian residents, interest earned from the *ActionGIC* must be included in declared income of the year interest is paid. Laws governing accrued interest do not, as a rule, apply to investor of the *ActionGIC*. Consequently, the investor will not be required to add the theoretical earnings from an *ActionGIC* to their income. Because the full return is known only at maturity, any interest earned is to be paid at maturity and declared for the year in which it is paid out. This information is general in nature and does not constitute legal or fiscal recommendations or opinions for investors. The investor must consult a legal or taxation advisor about their personal situation.
- 8. Deposit insurance.** The deposit certified by this document constitutes an insurable deposit under the Canada Deposit Insurance Act.
- 9. Portfolio Management Fees.** No portfolio management fees are collected by the Bank for this investment.
- 10. Investment-Related Risks.** Unlike a traditional GIC or other deposit where interest is known at the start because interest payable at maturity is tied to the performance of a reference index, the *ActionGIC*'s rate of return may be negative or nil and the principal amount thus invested shall be reimbursed at maturity; however, no additional interest shall be paid. Past performance is not an indicator of future performance. The *ActionGIC* constitutes a secure investment if it meets the investment needs and risk tolerance level of the investor. Moreover, this is a suitable investment for an investor who understands the inherent risks of the *ActionGIC* and its non-redeemability pursuant to the terms and conditions stipulated in the Disclosure Notice. This is an unsuitable investment for an investor who does not have a sound understanding of the inherent risks of the *ActionGIC* and who needs to access his funds on a short-time basis.
- 11. Amendments to Blue Chip *ActionGIC*.** If an extraordinary event occurs, the Bank reserves the right (without being obligated) to make certain adjustments to the benchmark portfolio or to any other variable as it determines to be appropriate to preserve as nearly as practicable the economic equivalent before the extraordinary event occurred. If the index used in connection with an *ActionGIC* is withdrawn for any reason, the issuer reserves the right, without being obliged, to substitute another index or determine the yield of the product independently. In case of an interruption of trading activities for the index or any other circumstances preventing the release of the index, beyond the control of the issuer, it may take such action as it deems appropriate in the circumstances, including but not limited to, the reports of the issue, deferring the calculation of performance and payment. In this case, the Bank shall notify investors of *ActionGICs* of the amendment. Furthermore, should financial markets be disrupted or any other event beyond the issuer's control occurs which would affect the calculation of the return or the fulfillment of its other obligations, the investor agrees that the issuer may take the measures it deems appropriate under the circumstances, including, but not limited to, amending the Rate of return or the method of calculation or determination thereof. An "extraordinary event" is an event, circumstance or cause that, the Bank determines has or may have a material adverse effect on its ability to perform its obligations under an *ActionGIC* or on its ability or the ability of its counterparties to make payment of amounts owing under hedges relating to shares in the reference index, including, for example, a merger, takeover, delisting (without relisting), insolvency of the issuing company and expropriation. In this case, the Bank shall notify investors of an *ActionGIC* of the extraordinary event and the amendment.
- 12. Cancellation.** The investor has a right of cancellation of 2 days following the later of (i) the date of entry into the Blue Chip *ActionGIC* Purchase Agreement and (ii) the date of deemed receipt of the Disclosure Notice which must be provided before the start of the term. The Investor will be deemed to have received the Disclosure Notice (i) on the day recorded on the server or other electronic transmission system as the date the Disclosure Notice is sent, if transmitted electronically, (ii) on the day recorded as the date of transmission on the transmission statement, if transmitted by facsimile, (iii) five business days after the postmark date, if transmitted by mail, and (iv) when received, in all other

cases. Upon cancellation, the investor is entitled to a refund of principal and fees paid in connection with the purchase. To exercise the right of cancellation, the investor may call their advisor.

- 13. Renewal/Principal Disposition at Maturity.** The principal and investment interest (if any) will be automatically renewed by default unless the client notifies the Bank of another option. The investment will be renewed for the same term in a traditional non-redeemable guaranteed investment certificate at the interest rate in effect on the renewal date, at no charge. If the same term is no longer available, the renewal will be done in an investment for a term that is closest to the term of the maturing investment. The investor shall receive confirmation by regular mail indicating the balance of the investment and the terms in effect for the renewal period. The investor may also change the disposition of principal and interest (if any) at any time, by visiting a branch or by contacting his advisor. In the event of an automatic renewal at the end of the initial term, the investor has ten (10) business days to cancel or modify the investment's terms and conditions, as of the renewal date. If the investment is cancelled, the principal will be returned, but no interest will apply from the renewal to the cancellation date.
- 14. Conflict of interest.** The manner in which the ActionGIC is structured and administered does not place the Bank in a conflict of interest.
- 15. Investment account.** Existing investment accounts are offered by Laurentian Bank of Canada or LBC Financial Services Inc. (LBCFS). Newly opened investment accounts will be offered by LBCFS. LBCFS is a wholly owned subsidiary of Laurentian Bank and a separate legal entity from Laurentian Bank and from all other deposit issuers or mutual fund companies whose products it distributes. Every Laurentian Bank advisor is also a licensed LBCFS mutual fund representative. LBCFS's liability is limited to the conduct of its representatives in the performance of their duties for LBCFS.