



Performance Québec Reference Index

The reference index is based on a portfolio made up of shares in 11 companies with significant market capitalization and whose head office is located in Quebec. The composition of each security in the reference index remains fixed in the portfolio for the duration of the term, with the exception of potential readjustments, when extraordinary events occur, as described in Paragraph 11. Accordingly, the securities will be equal weighted in the benchmark portfolio at issue and will be used to calculate the final return of the index. The values of the securities in the Reference Portfolio used to calculate the final rate of return of the reference index will not include any distributions or dividends declared on the securities. The Bank does not exercise any control over reference index fluctuations and does not guarantee any return. Listed in the table below are the companies making up the reference index*:

Canadian National Railway Co (CNR)	Metro Inc. (MRU)
Bank of Montreal (BMO)	Saputo Inc. (SAP)
BCE Inc (BCE)	iA Financial Corp Inc. (IAG)
National Bank of Canada (NA)	Quebecor Inc. - CL B (QBR.B)
Power Corporation of Canada (POW)	Cogeco Communications Inc. (CCA)

*The Bank reserves the right to modify the list of companies making up the reference index at any time prior to the expected issue date of the Performance Québec ActionGIC.

- General.** The Performance Québec 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 above) 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.
- Maximum rate of return.** The maximum rate of return of a Performance Québec 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.
- Term of Investment.** 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 Bank’s Performance Québec ActionGIC is not redeemable prior to maturity under the Home Buyer’s Plan (HBP) or the Lifelong Learning Plan (LLP). The Performance Québec ActionGIC is eligible for investment in a Retirement Income Fund (RRIF). In the event of a withdrawal from the RRIF-held Performance Québec ActionGIC, no interest shall be paid, including the minimum return guaranteed, if applicable. Only the capital will be paid out at maturity.
- Rate of Return Calculation.** The final rate of return (or payable interest) of the Performance Québec ActionGIC is calculated based on the performance of the reference index. For each share in the reference index, a 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. In the event that one of the dates hereunder does not fall on a business day, 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 return of the reference index is determined by calculating the sum of the return of each share in the reference index during this period, divided by the number of securities making up the reference index.

Rate of return calculation of each share:

$$\text{Return of each share} = \frac{\text{FV} - \text{IV}}{\text{IV}}$$

IV: Value of share on the day of issue.

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

Final rate of return calculation of reference index:

$$\text{Final rate of return of reference index} = \frac{\text{Sum of the return of each share}}{\text{Number of shares in reference index}}$$

Two examples of final rate of return calculation:

A reference index made up of only 2 company shares equally distributed will be used to illustrate how the final rate of return is calculated. An investor decides to invest \$1,000. The investment will mature at the end of an X-year term with a maximum return of 35%. The rate of return will be calculated on the investment's maturity date as follows:

- Positive return: The return on the 2 shares making up the reference index yields 30% and 50% respectively. Accordingly, the final rate of return of the reference index is 40%, namely, the average between 30% and 50%. At the end of the term, the investor will therefore receive the capital invested, i.e. \$1,000 and earned interest of 35% or \$350. Although the total return is 40%, the maximum rate of return of the reference index is set at 35%.
- Zero return: The return on the 2 shares making up the reference index yields -10% and -30% respectively. Accordingly, the final rate of return is -20%, namely, the average between -10% and -30%. 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 total reference 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 Performance Québec *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 Bank's Performance Québec *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 Performance Québec *ActionGIC* held in a RRIF, the total sum invested will be withdrawn from the Performance Québec *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 Bank's Performance Québec *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 Performance Québec *ActionGIC*. Consequently, the investor will not be required to add the theoretical earnings from a Performance Québec *ActionGIC* to his/her income for the year ending. 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 with regard to his/her personal situation.
8. **Deposit insurance.** The Bank is a member of the Canada Deposit Insurance Corporation ("CDIC"). The Laurentian Bank Performance Québec *Action GIC* 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 an index, the Performance Québec *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 Performance Québec *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 Performance Québec *ActionGIC* and its non-redeemability before the end of the term. This is an unsuitable investment for an investor who does not have a sound understanding of the inherent risks of the Performance Québec *ActionGIC* and who needs to access his funds on a short-time basis.
11. **Amendments to Performance Québec *ActionGIC*.** If an extraordinary event occurs, the Bank reserves the right (without being obligated) to make certain adjustments to the benchmark portfolio (including its composition or weight attributed to each security) or to any other variable as we determine to be appropriate in order to preserve as nearly as practicable the economic equivalent before the extraordinary event occurred. 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, the determination of the return or the evaluation thereof, using another

method, the adjustment, the deferral or the anticipation of the calculation of the return and/or the payment of the interest linked to the product. 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 the Performance Québec *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 Performance Québec *ActionGICs* 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 Performance Québec *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 Performance Québec *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.