

# It's always been about people



**Luc Bernard**, Executive Vice President, Retail and SME-Québec

**Holding fast to its strategy, Retail and SME-Québec continued to deliver growth throughout an uncertain 2011. Contributing to net income of \$ 44.5 million was solid loan growth. Residential mortgages increased by 10% and loans to SMEs increased by almost 18%. Double digit growth was recorded in revenues from card services and the sale of mutual funds. Mutual fund sales reached record levels.**

**“Despite a competitive environment, we decided not to slow down our initiatives but stuck to our plan,” says Luc Bernard, Executive Vice President. “We kept pace with our profitable organic growth, thanks to past investments and our focus on growing synergies between our three distribution channels: physical, virtual and mobile. Our agility was a clear asset again this year.”**

**A**s the Bank marks 165 years, its Québec DNA is firmly embedded where customers are at the heart of the strategy, in a retail network of convenient branches with friendly, knowledgeable service.

Laurentian Bank is a model of how the customer experience has been transformed by new and convenient access, superior service and client-oriented products and services.

### Reaching Our Customers

The Bank operates the third largest retail branch network in Quebec. Innovations in the way the Bank interacts with its customers both accentuate the face-to-face intimacy and offer alternatives to customers based on their preferences.

For more straightforward needs, a virtual network gives customers 24/7 access to bank services through ATMs, Internet, telephone, and since the summer of 2011, mobile devices.

Notwithstanding innovative new channels, the “corner branch” network remains a convenient and powerful link with its customer base. A new generation of branches was launched in 2011, with one branch in Montréal and another in Québec City. By early 2012, the majority of branches, thanks to a seven-year optimization program, will have been renovated, relocated or will be completely new.



#### CAN YOU OPEN THIS, PLEASE?

A savings program is launched to children, featuring piggy banks that can only be opened at a branch.

#### A GROWTH SPURT

The Bank integrates 43 branches in Québec acquired from Scotiabank.

#### BANK GOES UNDERGROUND

The Bank wins an exclusive contract to equip Montréal's subway and train systems with ATMs (there are 81 installed so far).

1873

START OF A NETWORK

With a founding principle to help working families manage their money, the Bank is the first to open four branches in working class districts of Montréal. It is also the first to open six evenings a week as well as the usual 10 a.m. to 3 p.m.

1902

1961

STEPPING OUT

A modification to its charter allows the Bank to open its 46th branch – the first off the island of Montréal.

2001



2004

CREAM WITH YOUR DEPOSIT?

The first “Espresso Bank-Café” is launched, and a new concept of Financial Boutiques is introduced.

2009



2011

ANYTIME, ANYWHERE

The Bank adds banking by mobile device to its virtual network for customers.

**BUSINESS  
SEGMENT  
SNAPSHOT**

**AVERAGE LOANS  
AND ACCEPTANCES  
\$12.4 BILLION**

**AVERAGE DEPOSITS  
\$ 9.1 BILLION**

**Personal Banking:**  
Transactional, financing  
and investment products  
and services

**Small and  
Medium-sized  
Enterprises:**  
Financing solutions,  
deposits, electronic  
banking, processing  
of international  
transactions, etc

**Operates in Québec**

# It's not all face-to-face anymore, but proximity remains paramount

Mobile bankers who travel to the customer to help with mortgage decisions have become a very popular and performing distribution channel for the Bank. In only five years, almost 50% of mortgage originations come from this team.

**Efficiency improvements**

During the year, several initiatives were undertaken to improve efficiency. One particularly noteworthy project was the implementation of a new automated mortgage transaction system. This has led to efficiency improvements, with benefits to the customer, the employee and the Bank.

**Knowing the customer better**

A major commitment to improving its execution of banking services was the Bank's introduction of a Customer Relationship Management system, or CRM. Implemented during the year, this information system gives advisors a comprehensive view of the customer's current services and holdings, and facilitates appropriate recommendations to better correspond to their financial profile.

The Bank is the first Québec-based financial institution to utilize such a system for its retail clientele. Owing to the Bank's visionary approach, the seeds of this system were sewn several years ago. Today, the system has grown into a strategic asset for this segment; one which should help to propel its growth.

**Enhanced mutual fund offering**

Mutual funds represent a major area of growth for the Bank. Beginning in 2012, an agreement to distribute the Mackenzie Financial family of mutual funds, one of the leading families of funds in Canada, should contribute to accelerating this growth as well as adding depth to the Wealth Management offering.

**Small and Medium-sized Enterprises**

In 2011, commercial lending to small and medium-size enterprises exceeded \$1 billion. Strong growth resulted in an increase of 59% in deposits and 18% in loans. Four years ago was when the Bank embarked on a strategy to focus on specific niches of commercial lending.

"Decision makers of SMEs are facing more and more complexity in their environments," says Luc Bernard. "The way we see it, the role of the banker is not just to make funds available but to assist these people to succeed." Bankers provide a range of tools specific to each niche. Originally launched in three sectors – pharmacies, private daycare and agriculture – the Bank is already a major lender in the pharmacy sector in Québec.

**SPECIALISTS DEDICATED  
TO THE AGRICULTURAL SECTOR**

In the pursuit of client proximity, the Bank has established teams of experts to provide solutions adapted to the needs of entrepreneurs operating in specific sectors. One such team, consisting of agronomists and professional farmers, is devoted to agricultural financing. By developing programs related to intergenerational transfer of farms and succession planning, clients are provided with valuable solutions to their new realities.