

# Do it right and do it now



Paul Hurtubise, Senior Vice President, Real Estate and Commercial

**For the fourth consecutive year, the Real Estate and Commercial segment earned record profitability with net income of \$51.8 million. Average assets grew by 8%, reaching \$3.1 billion.**

**“Considering we have been operating in a competitive and low interest rate environment, I am very proud of what the team has been able to do,” says Paul Hurtubise, Senior Vice President, Real Estate and Commercial.**

**T**he Real Estate and Commercial Financing business segment has built on specialized knowledge, fast response and a rigorous approach to risk management to become one of the industry's most successful lenders.

## Real Estate Financing

Real Estate Financing is the larger of the two groups in the unit and accounts for roughly 70% of both assets and profitability. The division specializes in construction loans

and fixed term loans for various real estate projects such as condominiums, office buildings, shopping centres and residential projects across Canada.

Total real estate loans have grown at a 17% compound annual growth rate over the past three years and reached \$2.4 billion at the end of 2011. Most construction lending is in the form of floating rate loans of 18-30 months and success in increasing term financing has resulted in a well diversified portfolio.

The Bank's Real Estate Financing activities are provided from offices in British Columbia, Alberta, Ontario and Québec. The bulk of the activity is in Ontario with four offices in high growth areas of the province. Measures to grow a greater presence in Québec include a successful first year of operations in Québec City.

A real estate syndication desk was successfully introduced in 2010 to manage larger loans. Not only does this help the Bank to meet the needs of its clients, it provides opportunities to grow the portfolio with high quality assets, and to diversify revenues with added fee income. In 2011, the desk led 11 transactions amounting to \$250 million, of which the Bank retained \$150 million.

“The loan syndication business has been well received” says Paul Hurtubise, “and we are laying a strong foundation for the next stage in our growth.”

## 1987

### NEW POWERS

Now a Chartered Bank empowered to lend to corporations, the Bank moves into real estate financing.

## 1988

### ACQUISITION

Acquisition of Eaton Bay Trust Company, which allowed creating a critical mass for developing this sector.

## 1991

### THE FIRST BILLION

The year marks a major milestone in the sector with the reach of the first Billion \$ in real estate commercial mortgage loans.



## 2010

### SYNDICATION DESK

Syndication desk opens new growth opportunities by enabling the Bank to pursue and accept larger project loans from qualified companies.

# A go-to construction lender – quick, savvy and highly service oriented

The business unit has maintained its focus on construction financing, but is also developing new niches. It is financing buildings being built to LEED construction standards. These are energy efficient, have lower operating costs and contribute to a healthier environment.

## Commercial Lending

The Commercial lending group provides operating credit facilities, commercial deposits and transactional products from six offices in Québec and Ontario. The commercial loan portfolio totaled \$703 million in 2011 with roughly 60% of loans in Québec and the rest in Ontario.

The unit's success is founded in a flat organization structure, highly knowledgeable account managers and rapid turn-around time. Loan growth has been strong over the past several years.

The commercial unit is further diversifying its risk by participating in more syndicated infrastructure financings, such as bridges, roads

and hospitals. It is also embarking on new initiatives, including "green banking" to finance renewable energy projects and carbon credits.

## Foreign Exchange

An integral part of the Real Estate and Commercial unit is the foreign exchange team. This team provides valuable services for commercial customers, giving them direct access to the Foreign Exchange desk to mitigate the risk of currency fluctuations and offering advice and support for their foreign currency hedging.

## If it ain't broke, don't fix it

The noteworthy success of the Real Estate and Commercial segment is based on an approach that doesn't change. The primary components are a disciplined approach to risk assessment, which keeps loan losses low, and service excellence, which keeps customer satisfaction high.

If risk management is a defensive strategy, customer service shines

## BUSINESS SEGMENT SNAPSHOT

**AVERAGE LOANS AND ACCEPTANCES**  
\$3.1 BILLION

**AVERAGE DEPOSITS**  
\$0.5 BILLION

**Real estate financing** for condominiums and office buildings, shopping centres and residential developers across Canada

**Commercial financing** for medium-sized enterprises in Québec and Ontario

**Operates Canada-wide**

on offense. The Real Estate and Commercial teams, consisting of a small select group of about 130, are widely respected and operate in segments they understand and in which they have solid expertise. The Bank is known for one of the best loan adjudication processes in the industry.

The Bank's philosophy of continuous investment applies to this segment as well. This contributes to the strong efficiency ratio of the business line.

"While we are pleased with our progress to date with the strong team that is in place," Paul Hurtubise says, "we have only scratched the surface."

## REAL ESTATE PROJECTS ACROSS CANADA

### BRITISH COLUMBIA

**Client Name** Treegroup Developments  
**LBC loan** \$19 million  
**Project** Headwaters – Phase I – 62 unit apartment condominium  
**Location** Surrey, BC

"Laurentian Bank knows the real estate lending business because they are well entrenched in this market. They put together a creative financing package to build the first of our two condominium buildings."

**Bruce Martinuik**, Executive Vice President, Treegroup Developments Corp.

### ONTARIO

**Client Name** Urban Capital Property Group  
**LBC loan** \$25 million  
**Project** Trinity Bellwoods Townhomes – a 45-unit freehold luxury townhouse project  
**Location** Little Italy, Toronto, Ontario

"Laurentian Bank is our relationship banker and has arranged over \$200 million in construction financing for Urban Capital projects since 1999, representing more than 1500 residential units in Toronto, Ottawa and Montréal."

**David Wex / Mark Reeve**, Partners Urban Capital Property Group

### QUÉBEC

**Client Name** Groupe Maurice  
**LBC loan** \$30 million  
**Project** La Résidence Les Jardins Millen – A complex for retirees and commercial space  
**Location** Montréal, Québec

"Laurentian Bank is a privileged partner for the Groupe Maurice. We greatly appreciate their business sense – they are rigorous, innovative and efficient... undeniable assets! I sincerely thank them for their support."

**Luc Maurice**, President and founder of Groupe Maurice