



**LAURENTIAN  
BANK**

# **2023 Annual Meeting of Shareholders**

Remarks delivered by

**Rania Llewellyn**

President and Chief Executive Officer

Laurentian Bank

April 11, 2023

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada (the **Bank**) will make written or oral forward-looking statements within the meaning of applicable Canadian and United States (U.S.) securities legislation, in reports to shareholders, in filings with Canadian and U.S. regulators, and in other written or oral communications, including, this website. These forward-looking statements are made in accordance with the “safe harbor” provisions and are intended to be forward-looking statements in accordance with, applicable Canadian and U.S. securities legislation. They include, but are not limited to, statements regarding the Bank's vision, strategic goals, business plans and strategies, priorities and financial performance objectives; the economic and market review and outlook for Canadian, U.S., European, and global economies; the regulatory environment in which the Bank operates; the risk environment, including, credit risk, liquidity, and funding risks; and other statements that are not historical facts.

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We caution readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict or measure, could influence, individually or collectively, the accuracy of the forward-looking statements and cause the Bank's actual future results to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

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For additional information relating to forward-looking statements, please refer to the 2022 Annual Report and our most recent quarterly report to shareholders.

Good morning and thank you all for attending Laurentian Bank's Annual Meeting of Shareholders.

I'm very happy to have this opportunity to share with you some of our highlights from the 2022 fiscal year and the progress we are making in executing against the first year of our three-year strategic plan, which we called our "year of execution".

I'm pleased to report that Laurentian Bank exceeded all of our financial targets for the 2022 year. This is particularly noteworthy given that we faced volatility in the macroeconomic environment, high inflation, interest rate increases and ongoing geopolitical tensions.

Despite these challenges, we stayed focused on our key priorities.

To this end, I would like to personally thank our One Winning Team who live our values each and every day, and who believe that we can change banking for the better by seeing beyond numbers to bring the hopes and dreams of our customers to life.

In terms of our 2022 financial results, as I noted, the Bank exceeded all of our targets for the year:

- Earnings per share were \$5.19, up 14% year-over-year, and above our target of greater than 5%;
- ROE was 9.3%, up 100 bps from last year, exceeding our target of 8.5%;
- The Bank's efficiency ratio was 66.5%, down 170 bps compared to 2021, and better than our target of 68%;
- We delivered positive operating leverage of 2.6%; and,
- We maintained our CET1 ratio at 9.1%.

Before I move to the strategic highlights, I would be remiss to not talk about the current environment we find ourselves in, with challenges in the U.S. and European banking systems.

I want to be crystal clear – the Canadian financial system is recognized worldwide for its prudent lending and risk management practices, diligent government oversight, including robust requirements for capital and liquidity adequacy, and sensible regulation based on the core tenets of safety and soundness. Our Bank is well capitalized, and our funding and deposit base is diversified. We remain confident in our ability to continue to execute against our plan and drive meaningful value for our shareholders.

As we announced at our December 2021 Investor Day, culture is the driving force of our strategic plan and we are committed to building One Winning Team where our employees across boundaries, put the Bank ahead of individual interests. When our employees are happy and engaged, it translates to happy customers and happy shareholders.

In 2022, we continued to make meaningful improvements to our employees' work-life experience. We continued with our hybrid and flexible work model and we invested in mental health and wellness resources to support our team members in maintaining a positive and healthy work-life balance.

We also continued building up our equity, diversity and inclusion initiatives to foster an environment where employees feel like they belong and truly have the chance to thrive.

We had an 83% completion rate of our Voice of the Employee engagement survey, and saw a three percentage point increase in both employee engagement and trust in management. This tells us that the culture that we are building up is taking root and our efforts are bearing fruit.

Another key pillar of our three-year strategic plan is to always **Think Customer First**. For our Commercial Banking customers this has meant improving our Net Promoter Score, with a significant improvement in Equipment Financing. We now have two specialties designated as “world class” in customer service, along with Inventory Financing.

In Capital Markets, this has meant working closely with our Commercial Banking customers to provide insights and solutions, which has paid off with year-over-year growth in our FX business, ending with a record quarter in Q4.

And for our retail and Personal Banking customers, we delivered new services and solutions which close their top five digital pain points. This includes launching our new mobile app and tap on debit cards, refreshing our website, introducing online password reset, and rolling out the first phase of our digital account opening solution, starting with our employees.

Once digital opening account is launched to the public in the coming weeks, it will be an absolute game changer for our Bank. We will no longer be limited to our branch footprint, allowing us to compete and grow our customer base across the country. Existing and future customers will be able to open within minutes new chequing and high interest savings accounts any time, anywhere through a simple and streamlined application process.

As part of our Bank’s strategic plan, we are **Making Size our Advantage** by entering into strategic partnerships, allowing us to develop and deliver better products and services for our customers faster.

Examples from 2022 include our strategic partnership with Brim Financial to deliver on our reimagined Visa experience, which we were thrilled to launch to the public in February. And, our partnership with thirdstream, for our digital account opening solution.

Over the past year we also delivered on our strategic commitment to **Simplify** our organization to optimize our cost structure and find efficiencies. We successfully drove down our adjusted efficiency ratio below 67%, beating our target for the year, through a number of initiatives – including, decommissioning our corporate office space by 50%, streamlining the number of vendors we use, and eliminating redundant technology applications.

Moving now to the final pillar of our strategic plan – one that’s personal for me as the Bank’s ESG Champion – which is to **Make the Better Choice**. At Laurentian Bank, we are proud that environmental, social and governance issues are the anchor of our strategic plan.

Some of our many ESG achievements outlined in our 2022 ESG Report include launching our Bank’s first-ever Sustainable Bond Framework, and establishing a 35% Scope 1 and 2 GHG reduction target by 2030, from a 2022 base year.

Another significant milestone on our ESG journey was the launch of our renewed corporate donations program, which we’ve called Giving Beyond Numbers™.

Through our focused approach, we are targeting our support to organizations that are combating economic inequities across the country, and working toward the economic inclusion of underrepresented groups.

The Bank’s new purpose and core values serve as our north star, as our team members collectively embrace the positive culture change taking place across the organization. I’m sure you would all agree that Laurentian Bank is a very different bank today than it was two years ago.

We are now in the second year of our three-year strategic plan – our Year of Growth, and we have outlined our top three focus areas for 2023 as follows:

1. Delivering excellent customer service;
2. Growing deposits; and,
3. Driving efficiencies through simplification. I'm pleased to report that we're already off to a great start.

I'm pleased to report that we're already off to a great start.

Looking back, the pandemic disrupted society in unexpected ways that are still unfolding, but one thing that we've learned is that our Laurentian Bank team members are resilient. We have proven our ability to grow in challenging times, and this speaks to the strength of our underlying business, our ongoing focus on cost discipline, our prudent approach to credit, all while we continue to execute against our strategic plan. At Laurentian Bank, we're confident that we can deliver against any backdrop.

In conclusion, I would like to thank our Board of Directors and our Chair, Michael Mueller, for your continuing guidance and support. I thank our shareholders for your confidence and our customers for putting your trust in us.

At Laurentian Bank, we believe we can change banking for the better, for you.

Thank you.