



## Laurentian Bank's Anti-Money Laundering and Anti-Terrorist Financing Program

---

Laurentian Bank of Canada and its affiliates (collectively "Laurentian Bank") are committed to ensure compliance with applicable regulatory requirements, as well as to prevent the use of their financial products and services for the purpose of money laundering or terrorist financing ("ML/TF") activities or in contravention of economic sanctions. This commitment is formalized through Laurentian Bank's enterprise-wide Anti-Money Laundering and Anti-Terrorist Financing ("AML/ATF") Program.

Laurentian Bank's Risk Management Committee of the Board of Directors has appointed a Chief Anti-Money Laundering Officer ("CAMLO") that oversees the implementation and maintenance of the enterprise-wide AML/ATF Program and acts as a focal point for all activities relating to AML/ATF compliance. Assistant Chief Anti-Money Laundering Officers ("ACAMLO") support the CAMLO by providing oversight on the implementation of the AML/ATF Program within their respective lines of businesses and sectors ("LOBs/Sectors").

### **Policies and Procedures**

Laurentian Bank's AML/ATF Policy and related Standards outline the prescribed methods for each LOB/Sector to comply with AML/ATF regulatory requirements and to ensure that reasonable measures are implemented to prevent the use of Laurentian Bank's financial products and services for the purpose of ML/TF or in contravention of economic sanctions. Each LOB/Sector adopts written procedures and processes to ensure application of these standards in their day-to-day activities.

### **Risk Assessment**

The assessment of ML/TF risks is an analysis of potential threats and vulnerabilities to which Laurentian Bank may be exposed. The risk assessment process that Laurentian Bank's undertakes at least every two years consists of several steps, including identifying the inherent ML/TF risks, setting the risk tolerance, creating risk mitigating measures and evaluating residual risks. Risk-reducing measures are implemented accordingly and are being reviewed periodically.

### **Know Your Client ("KYC")**

Laurentian Bank maintains high KYC standards which include client identification and due diligence, obtaining information on beneficial owners and other parties related to business clients and updating client information on a periodic basis. Measures that are used to mitigate inherent ML/TF risks include, among others, screening to detect politically exposed persons or designated persons under applicable sanctions, making third-party determination and performing enhanced due diligence and ongoing monitoring, as required.

Accurate, complete and valid data is a critical component to the effectiveness of the AML/ATF Program and appropriate steps are taken to make sure that data is accurate, complete and valid at the time of collection as well as when it is used, transmitted or recorded.

### **Transaction Monitoring and Regulatory Reporting**

Transaction monitoring is conducted on client transactions to identify unusual activities and report potentially suspicious transactions or attempted transactions. Regulatory reports that must be submitted to regulatory agencies include suspicious transaction reports (includes reports pertaining to sanctions evasion), large cash transactions reports, electronic funds transfers reports, designated persons reports and terrorist property reports.

### **Training**

Laurentian Bank has developed an enterprise-wide training program that informs on the AML/ATF and sanctions regulatory requirements and includes an assessment that measures the level of knowledge attained by participants. This AML/ATF training is taken annually by all Laurentian Bank employees and at least every two years by the members of the Board of Directors. Additional specialized or role-based trainings are provided to employees that have increased AML/ATF responsibilities.

### **Independent Testing**

Laurentian Bank monitors the effectiveness of the AML/ATF Program on an ongoing basis, through quality assurance, testing activities and compliance reviews performed by the 1<sup>st</sup> and 2<sup>nd</sup> lines of defence. As a third line of defence, Internal Audit conducts an independent assessment of the effectiveness of the enterprise-wide AML/ATF Program every two years. Because these reports are provided to the Office of the Superintendent of Financial Institutions, they are treated as confidential under Section 636 of the *Bank Act* and cannot be disclosed.