



Conflict of Interest Disclosure Statement

Compliance and Risk Management

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**LAURENTIAN BANK
SECURITIES**



TABLE OF CONTENTS

Conflict of Interest Disclosure Statement.....	3
Soliciting Dealer Arrangements.....	5
Related and Connected Issuers	5
Relationship between Laurentian Bank and other Entities of the Group	5
Proprietary Products	5
Independent Issuers	6
Contact	6

Conflict of Interest Disclosure Statement

Laurentian Bank Securities (LBS) analyzes any conflict of interest by considering the following key elements: materiality, reasonableness and professional judgment, service delivery and mitigation in order to resolve conflicts in the best interests of the client. A conflict of interest is considered “material” when it could reasonably be expected to affect the client’s decisions.

We will notify you of any significant changes to this document by posting an updated version on our website at lb-securities.ca under **Regulatory Disclosures**.

Real, potential or apparent conflicts of interest arise when an individual or firm takes an action or makes a decision that favours, could favour or appears to favour that individual or firm or interests of a third party over the interests of another party, including the business units of LBS, Laurentian Bank of Canada (LBC) or their subsidiaries. Such situations can occur in all environments, including LBS, as LBS may act as an intermediary for both buyers and sellers.

To address these situations, protect your interests and fulfill our obligations to you, we have put in place various policies and procedures that comply with the applicable regulations and put client interests first.

Under these policies and procedures:

We avoid situations prohibited by law and situations that we cannot effectively control. For example, all client orders must have priority over all exclusive orders for the same security at the same price, to avoid any conflict of interest between LBS and its client in a trading opportunity. In order to respect the priority, it gives to clients in the market, LBS has implemented identifiers on employee accounts. In addition, LBS does not trade on its own behalf in the marketplace.

We inform you of our relationship with an affiliated, related or associated issuer prior to your purchase or sale of its securities.

For other situations and conflicts that we cannot avoid, we prioritize client interests by acting in these ways:

We control or regulate acceptable conflicts by physically separating different business functions, restricting the exchange of information between people or systems internally, mitigating the risk of undue influence between different parts of our organization, removing any incentives to choose one product or service over another, and completing and testing our transaction review and approval processes.

We disclose information about any remaining conflict situations, so clients can independently assess the severity of the conflict.

Examples of situations that may give rise to existing or reasonably foreseeable material conflicts of interest include:

- Relationships between LBS and LBC or other related or affiliated firms.
- The allocation of securities or products to our employees. LBS employees are not eligible to participate in certain securities issues and a procedure for employee trades is in place to ensure that client purchases are given priority over LBS employee purchases. The allocation can never be tied to future business guarantees.
- The fact that our employees, including registered representatives, may receive gifts, personal gratuities and invitations approved by LBS. Our Code of Ethics prohibits employees from accepting from third parties any gift of material value or payment of any kind related to their roles and responsibilities at LBS.

- Our registered representatives may participate in outside activities, including as a director, officer, shareholder, owner, or partner of another entity, while holding a private investment in a company or participating in community events. The registered representative's outside activity could cause them to put their interests ahead of clients' interests. To address this conflict of interest, we have adopted policies and procedures to review all outside activities to ensure that we avoid activities that give rise to conflicts of interest or mitigate any actual or potential conflicts of interest in accordance with the client's best interests. Any outside activity of a registered representative must be pre-approved by LBS. If an outside activity presents a potential conflict of interest, we will disclose it.
- The possibility that our employees, in the course of their normal duties, may become aware of material non-public information regarding certain issuers. This information may come from our corporate finance department, which sometimes accesses non-public inside information, or from our employees who may sit on the board of directors of publicly traded companies. Employees who wish to serve on a board of directors must obtain the prior consent of the LBS Compliance Department and LBS President/CEO. This confidential information will not be disclosed to you unless it is made public.
- The business activities that our employees are permitted to engage in. These activities must comply with our Code of Ethics and the regulatory requirements set out in the applicable policies and procedures. Although we review and approve these activities annually in accordance with regulatory requirements, the employees are responsible to abide by the related conditions imposed on the approval of their outside activity.

LBS subjects employees wishing to participate in a private placement as an acquirer or promoter to a clearance and screening process to avoid or manage potential conflicts of interest arising from such transactions. The personal investments of LBS employees are also subject to policies and are monitored by Compliance.

LBS has appropriate measures in place to effectively monitor existing or reasonably foreseeable material conflicts of interest that may arise in the course of its business. It also ensures that reasonable and fair policies are in place to manage these situations in its relations with clients and the market in general and that any errors that may occur are corrected in accordance with applicable regulations.

Putting clients' interests ahead of those of LBS is a fundamental principle of LBS' **Code of Ethics** and **Compliance Manual**. These documents contain standards of conduct for registered representatives, including prohibitions against:

- Using confidential information acquired in the course of their duties to take advantage of a situation or obtain a benefit of any kind;
- Accepting or giving gifts, entertainment or compensation that may influence decisions made in the performance of their duties;
- Engaging in external activities that may interfere with or conflict with their duties at LBS;
- Entering into personal financial transactions, including the borrowing of funds, with clients of LBS;
- Knowingly giving trading orders that conflict with the interests of LBS clients; and
- Engaging in any activity, interest in any business or association that may impair or appear to impair their independent judgment to the detriment of the best interests of LBS clients.

Upon identification of a conflict of interest, LBS registered representatives must disclose in a timely matter to their clients any existing material conflict of interest, and any material conflicts of interest that are reasonably foreseeable, which cannot be avoided and any personal interest in a security or other investment that could reasonably be expected to not be in the client's best interest.

All LBS personnel must disclose to their employer any situation that could reasonably be expected to interfere with the performance of their responsibilities.

Soliciting Dealer Arrangements

Soliciting dealer arrangements are those which encourage brokerage firms to encourage security holders of an issuer to vote or take action in connection with an acquisition or other transaction involving the issuer. For example, an issuer may agree to compensate a broker for each vote solicited from a securityholder in respect of a securityholder meeting. Such arrangements may raise regulatory concerns regarding the ability of a dealer participant to comply with CISO conflict of interest rules and related guidance.

LBS avoids arrangements with soliciting dealers that are unmanageable or appear to be unmanageable, including any similar arrangements relating to a contested election of directors in which compensation is paid only for votes cast for a candidate or if a particular candidate wins the election.

Related and Connected Issuers

Under Canadian securities laws, registrants are required to disclose certain information to their clients when trading on their own securities or the securities of certain other issuers to which they (or certain other related parties) are related or connected.

An issuer is **related** to LBS if we are an influential securityholder of that issuer, if that issuer is an influential securityholder of our company or if we have an influential securityholder in common.

An issuer is **connected** to LBS if a prospective purchaser of the securities of such issuer could reasonably question the issuer's independence from our company, a party related to us, any of our directors or officers or any director or officer of the party related to us.

When we buy or sell the securities of a related or connected issuer for your account, the trade confirmation and monthly statement will indicate that the issuer is a related or connected party.

The following entities may be considered related or connected issuers of LBS:

B2B Bank and **Laurentian Bank of Canada**, as issuers of savings products, Guaranteed Investment Certificates (GICs), bonds, principal protected bills or investment accounts that have distribution agreements with LBS.

We disclose these conflict of interest situations so that you can independently assess their importance to you.

Relationship between Laurentian Bank and other Entities of the Group

LBS is a wholly owned subsidiary of Laurentian Bank of Canada (LBC), which in turn is part of **Laurentian Bank Financial Group (LBCFG)**.

LBC is a reporting issuer whose securities are listed and traded on the Toronto Stock Exchange. As LBC is an influential security holder of our company, it is considered a related party and, where its securities are publicly traded, it is considered a connected party under Canadian securities laws.

LBCFG acts as a director and officer of LBS directly or indirectly through its subsidiaries, its control functions and some of its officers and directors. In connection with our ongoing business, we may obtain from our affiliates administrative, management, referral or other services, or provide such services to our affiliates.

Proprietary Products

Our accounts include a variety of investments products, in both non-proprietary and proprietary products of affiliated entities of LBCFG. The same due diligence, screening and ongoing monitoring process applies to all products, both proprietary and non-proprietary.

The proprietary products are limited to certain products, such as High Interest Investment Accounts (HIIA), Cashable Guaranteed Investment Certificates (GICs) and Indexed GICs issued by LBCFG affiliates, including bonds, securities and preferred shares of Laurentian Bank of Canada and B2B Bank.

LBS manages this conflict of interest situation in several ways, including by:

- Accurately assessing, where applicable, the conflicts of interest inherent in a security, which arise, for example, from related party factors or other factors such as the issuer's handling of conflicts of interest;
- Applying a product review process that takes into account various factors to determine whether products in the same group should be included in the LBS offering; and
- Disclosing the relationship with related or connected issuers.

Independent Issuers

Conflicts may arise in the relationship between LBS and other unrelated or connected issuers, such as trusts, partnerships, subsidiaries or specialty funds. Our regulatory policies and procedures also apply in this case.

Contact

If you have any questions about this **Conflict of Interest Statement**, you may contact our Compliance team by calling at **514-350-2982**.