



Annual Information Form

December 4, 2007

Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada (the “Bank”) may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation, including statements regarding the Bank's business plan and financial objectives. These statements typically use the conditional, as well as words such as prospects, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could, would or the negative of these terms or variations of them or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ appreciably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include capital market activity, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological environment. The Bank cautions that the foregoing list of factors is not exhaustive. For more information on the risk, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Bank's public filings available at www.sedar.com.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

TABLE OF CONTENTS

1.	CORPORATE STRUCTURE	4
1.1	Name, Address and Incorporation	4
1.2	Intercorporate Relationships	4
2.	GENERAL DEVELOPMENT OF THE BUSINESS	4
2.1	Three-Year History	4
3.	NARRATIVE DESCRIPTION OF THE BUSINESS	7
3.1	General Description of the Business	7
3.2	Additional Information Relating to the Business	9
3.3	Risk Factors	11
4.	DIVIDENDS	11
5.	CAPITAL STRUCTURE	12
5.1	General Description of Capital Structure	12
5.2	Ratings (Assigned by Credit Rating Agencies)	13
6.	MARKET FOR SECURITIES	14
6.1	Trading Price and Volume	14
7.	ESCROWED SECURITIES	16
8.	DIRECTORS AND OFFICERS	16
8.1	Name, Position and Security Holding	16
9.	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	18
9.1	Legal Proceedings	18
9.2	Regulatory Actions	18
10.	TRANSFER AGENTS AND REGISTRARS	18
11.	INTERESTS OF EXPERTS	18
11.1	Names of Experts	18
12.	AUDIT COMMITTEE DISCLOSURE	18
12.1	Mandate of the Audit Committee	18
12.2	Composition of the Audit Committee	18
12.3	Relevant Education and Experience	19
12.4	Prior Approval Policies and Procedures	20
12.5	Fees for the Services of the External Auditor (Broken Down by Category)	21
13.	ADDITIONAL INFORMATION	21
	SCHEDULE A	23

Note: Unless otherwise specified, all information presented herein is as at October 31, 2007. References herein to the 2007 MD&A and the 2007 Financial Statements are references to management's discussion and analysis and the consolidated financial statements of Laurentian Bank of Canada for the fiscal year ending on October 31, 2007. References to Annual Reports are references to the annual Reports of Laurentian Bank of Canada. All documents referred to herein are available on SEDAR (www.sedar.com) and are incorporated herein by reference.

1. CORPORATE STRUCTURE

1.1 Name, Address and Incorporation

The full name of the issuer is Laurentian Bank of Canada (the “Bank”). Its head office is located at 1981 McGill College Avenue, Montreal, Quebec, Canada, H3A 3K3.

The Bank is incorporated under the *Bank Act* (Canada). The Bank was founded in Montreal in 1846 as a savings mutual. It became a share-issuing corporation under a charter granted on April 27, 1871, pursuant to an act of the Parliament of Canada concerning savings banks. Prior to September 28, 1987, the Bank was known as The Montreal City and District Savings Bank. On that date, the Bank became a chartered bank under Schedule II of the *Bank Act* (Canada) pursuant to letters patent issued by the Minister of Finance of Canada. On January 1, 1994, Desjardins-Laurentian Financial Corporation became the majority shareholder of the Bank following its acquisition of the Bank’s parent corporation, Laurentian Group Corporation. On November 12, 1997, Desjardins-Laurentian Financial Corporation, which held 57.5% of the common shares of the Bank, sold its shares by secondary distribution. The Bank thereby became a bank listed in Schedule I of the *Bank Act* (Canada).

1.2 Intercorporate Relationships

The principal subsidiaries of the Bank are: B2B Trust; Laurentian Trust of Canada Inc.; LBC Trust; Laurentian Bank Securities Inc.; LBC Financial Services Inc.; LBC Investment Management Inc.; and V.R. Holding Insurance Company Ltd. The Bank holds 100% of all issued and outstanding shares of all such subsidiaries. All the foregoing subsidiaries are incorporated or continued in Canada under the provisions of a federal act, except V.R. Holding Insurance Company Ltd., which is incorporated under the provisions of an act of Barbados.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three-Year History

Fiscal 2005

On December 31, 2004, the Canada Industrial Relations Board (CIRB) confirmed the agreement between the Bank and the Canadian Office and Professional Employees Union (COPE), Local 434 (COPE-CLC-QFL) and ordered that the Union’s accreditation certificate be updated. This agreement ended the legal dispute between the parties following the Union’s submission of a request to review and clarify its accreditation certificate in October 2001.

An arbitration board to which the parties had agreed to submit their dispute after the June 30, 2001, expiry of the collective agreement between the Bank and the Union rendered two decisions in fiscal 2005. The first, which concerned monetary issues, was rendered on December 10, 2004; the second, which concerned the non-monetary provisions of the collective agreement, was rendered on March 4, 2005. The board’s final decision provides that the collective agreement will expire on December 31, 2007.

On December 15, 2004, the Bank redeemed its Series 8 Debentures for a notional amount of \$100 million. Also, on October 18, 2005, the Bank redeemed its Series 6 Debentures for a notional amount of \$50 million. Further information about both transactions can be found on page 85 of the 2005 Annual Report.

On December 31, 2004, the Bank concluded an agreement with Industrial Alliance Insurance and Financial Services Inc. whereby the latter acquired all shares of BLC-Edmond de Rothschild Asset Management Inc., an asset management firm. The sale price was nearly \$68 million. The transaction included, among other things, certain recovery clauses and a mutual fund distribution agreement for an initial ten-year period ending December 31, 2014. This agreement was subsequently extended until 2016 during 2006. Further information about the transaction can be found on pages 30, 78 and 79 of the 2005 Annual Report.

Retail Financial Services launched several initiatives in fiscal 2005. Exclusive agreements were reached with Western Union Financial Services (Canada), Inc. and Société en commandite Métrocom (which manages the commercial spaces in the Montreal metro). Moreover, in the course of fiscal 2005, six new financial services boutiques were opened. With a view to optimizing the branch network, renovations were undertaken in several branches. By December 31, 2005, nearly 20% of the branches in the network had been renovated. New products and services were introduced, including the *Complicité* program, which includes a credit card, transaction packages and mortgage loans with special features. Offered to the 550,000 members of the Fédération des travailleurs et travailleuses du Québec (FTQ) and their families, this banking program was launched on October 12, 2005.

During the third quarter of 2005, changes were made in the Bank's corporate structure. The operations of the main lines of business (Retail Financial Services, Commercial Financial Services and B2B Trust) were grouped under the leadership of Mr. Réjean Robitaille, who until then had been in charge of Retail Financial Services. At the same time, Mr. Luc Bernard became Executive Vice-President, Retail Financial Services.

Fiscal 2005 was also marked by the opening of two new commercial banking centres in Quebec for the Commercial Financial Services business line. The openings are related to the business line's strategy to be even closer to clients and encourage business development. Also, various marketing initiatives targeted specific client groups.

In 2005, B2B Trust entered into new investment loan distribution agreements with two mutual fund companies and two insurance companies. Early in 2005, the Bank decided to concentrate with B2B Trust the activities of its Toronto mortgage broker loan centre. Well known in the field for the quality of its service, the centre offers a full range of mortgage loans and lines of credit.

For its part, Laurentian Bank Securities has hired several new representatives and opened three offices in 2005.

Fiscal 2006

In 2006, the Bank celebrated its 160th anniversary and furthered its growth within the context of its strategic business plan. The Bank continued to revitalize its network by adding two new financial services boutiques and four Laurentian Bank Securities offices. Several branches were also renovated and some were converted into financial services boutiques.

In January 2006, the Bank issued 4.90% Series 10 Debentures maturing in January 2016 for an amount of \$150 million. In June 2006, the Bank redeemed its Series 9 Debentures for a notional amount of \$150 million. Further information about both transactions can be found on pages 41 and 79 of the 2006 Annual Report.

Commercial Financial Services also undertook several initiatives. In keeping with its decision to further concentrate its activities in markets where it has a strategic position or a competitive advantage, the Bank sold its 51% interest in Brome Financial Corporation Inc. on December 31, 2005. Furthermore, in May 2006, Commercial Financial Services launched the new MAXAffaires signature to better position itself with small- and medium-sized businesses. In October 2006, to improve the efficiency of commercial file management, the Bank reached an agreement with Covarity Inc., a leader in the field of on-demand commercial loan management solutions. This agreement enables the Bank to automate the ongoing management of its margin-based commercial loans and considerably improve risk management measures.

In January 2006, B2B Trust entered into an agreement for the distribution of RRSP loans with Assante Wealth Management, which has approximately 1,000 financial advisors. In November 2006, Fidelity Investments Canada Limited chose B2B Trust as supplier for an investment loan program.

Laurentian Bank Securities continued its growth, in particular by creating a new institutional brokerage division in the equity market in May 2006. This new division serves institutional investors by offering research, sales, trading and investment services. The target clientele is primarily small- and medium-sized businesses.

In June 2006, Mr. Raymond McManus, President and Chief Executive Officer of Laurentian Bank, announced his decision to retire at the beginning of 2007. Mr. Réjean Robitaille was named Chief Operating Officer on June 16, 2006, putting him in line to succeed Mr. McManus.

Fiscal 2007

The beginning of the 2007 fiscal year was marked by the appointment, on November 7, 2006, of Mr. Réjean Robitaille to the position of President and Chief Executive Officer of the Bank, effective December 13, 2006. Mr. Raymond McManus, who held the position of President and Chief Executive Officer of the Bank from August 1, 2002 to December 12, 2006, remained in position as a close advisor to the new President until February 2, 2007 – after which he retired. Mr. Robitaille began his mandate by defining the Bank's three priorities for its 2007 fiscal year, which are improving profitability, improving efficiency and developing human capital.

In May 2007, the Bank announced that it had become the first banking institution in Quebec to implement new security measures for its Internet *LBCDirect* transactional solutions. Also in May, the Bank's website was ranked third among Quebec's top 25 electronic commerce sites, based on the results of the *SECOR/Commerce* Internet Index ranking, which translates into first place within the banking industry.

In August 2007, in the context of the liquidity crisis facing the Canadian asset-backed commercial paper market, the Bank announced its support of the "Montreal Agreement" of August 16, 2007 and confirmed that the Bank and its subsidiaries have a limited exposure to the conduits covered by this agreement. The aggregate of all securities issued by the conduits covered by the "Montreal Agreement" and held by the Bank is approximately \$20 million. The Bank is not a liquidity provider for any bank or non-bank sponsored conduit.

On October 31, 2007, the Bank and the Canadian Office and Professional Employees Union (COPE), Local 434 (COPE-CLC-QFL), which represents the company's unionized employees, announced that the Bank's employees accepted the terms of an agreement in principle between the Bank and the Union. The new collective agreement is for four years and will be effective January 1, 2008.

The development of the Bank's business lines during the fiscal year is described on pages 9 to 22 of the 2007 MD&A.

Further information about the Bank's development over the last three fiscal years can be found in the 2007 MD&A, in the notes to the 2007 Financial Statements (in particular Note 5 "Disposals and Change in Ownership Interest") and on pages 20 to 27 of the 2006 Annual Report as well as on pages 16 to 25 of the 2005 Annual Report.

3. NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 General Description of the Business

The Bank is a banking institution operating across Canada and offering diversified financial services to its clients. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has close to \$18 billion in balance sheet assets and more than \$15 billion in assets under administration. It has 3,289 employees (on a full-time equivalency basis).

The following sections present each of the Bank's business lines. Further information, including financial information, about these business lines and the Bank's corporate sectors can be found on pages 9 to 22 of the 2007 MD&A and in Note 27 "Segmented Information" to the 2007 Financial Statements.

3.1.1 Retail Financial Services

Throughout its network of 157 branches and 338 automated banking machines, the Bank provides comprehensive financial products and services that include transaction products, mortgage solutions, loans and lines of credit, investment products such as guaranteed investment certificates, term deposits, mutual funds (through its LBC Financial Services subsidiary), registered retirement plans such as RRSPs, RRIFs and RESPs, VISA credit card products and payment cards, as well as credit insurance. The Bank also offers its clients financing services via a network made up of mortgage and real estate brokers as well as point-of-sale financing through more than 3,500 independent merchants.

The subsidiaries Laurentian Trust of Canada and LBC Trust (members of the Canada Deposit Insurance Corporation and holders of a permit issued under the *Deposit Insurance Act* (Quebec)), also offer a variety of term deposits and guaranteed investments.

The Bank is the only bank in Quebec to offer Western Union products and services in its branches, including fund transfer and bill payment services.

As at October 31, 2007, the core assets of the Retail Financial Services business line, namely residential mortgages and personal loans, reached \$6.0 billion and \$2.3 billion respectively.

3.1.2 Commercial Financial Services

Commercial Financial Services offers a vast selection of financial products and services to small- and medium-sized businesses, as well as to companies in the real estate and agriculture sectors. The Bank stands out thanks to its competitive products and its ability to remain innovative in order to meet the multitude of business challenges its clients face, but more importantly, thanks to the quality of its service. It offers its products and services in 29 business centres in Canada (namely thirteen business centres in Quebec for small- and medium-sized business financing, three business centres in Ontario for medium-sized business financing, six financing centres specialized in real estate financing across Canada and seven centres in Quebec that are specialized in agricultural financing).

The business line's core assets, namely commercial loans and commercial mortgage loans, totalled \$1.2 billion and \$0.7 billion respectively as at October 31, 2007.

3.1.3 B2B Trust

B2B Trust offers superior financial products and services to independent financial intermediaries for distribution to their clients. B2B Trust has become a Canadian market leader by supporting intermediaries in their wealth management and financial service activities. B2B Trust also builds distribution alliances and solid business relationships through five distribution channels, namely mutual fund issuers and distributors, investment brokerage firms, insurance brokers, mortgage brokers and deposit brokers, to help them build their business, while respecting the privileged relationship they have with their clients. B2B Trust currently has 47 distribution agreements and serves more than 16,000 professionals across Canada.

The range of financial products and services offered by B2B Trust includes investment loans and RRSP loans, mortgage loans and lines of credit, banking products and services, self-directed registered accounts and broker deposits.

As at October 31, 2007, the B2B Trust business line had \$5.4 billion in brokered deposits, \$2.3 billion in investment loans and RRSP loans, as well as \$1.2 billion in mortgage loans. It also manages \$5.2 billion in self-directed accounts.

3.1.4 Laurentian Bank Securities

Laurentian Bank Securities (LBS) is a full-service investment dealer that offers a complete range of investment products and services grouped under five divisions: Institutional Fixed Income, Institutional Equity, Retail, Discount Brokerage, and Business Services.

The Institutional Fixed Income division is known for its strong presence in government and corporate underwritings, as well as in secondary markets. The Institutional Equity division, which was created in May 2006, offers research, sales, trading and investment services to small- and medium-sized businesses.

The fast-growing Retail division and Discount Brokerage division currently serve clients through 14 brokerage offices in Quebec and Ontario. Since the first quarter of 2006, through its Discount Brokerage division, LBS offers its clients a web-based bond platform. LBS also provides complete back-office support to a wide range of customers. Its Immigrant Investors program allows LBS to assist people who wish to immigrate to Quebec and who meet certain minimum asset criteria.

LBS has almost 70 investment advisors. Its Retail division has just under \$2.0 billion in assets under management whereas its Discount Brokerage division has approximately \$200 million.

3.1.5 Other

In addition to its four business lines, the Bank has five main corporate sectors: Corporate Affairs, Human Resources, Credit, Treasury as well as Finance, Administration and Strategic Development. These sectors support the Bank's operations and contribute directly to its market positioning and the fulfilment of its objectives.

3.2 Additional Information Relating to the Business

3.2.1 Markets and Competition

The Bank is well established in the Province of Quebec, operating the third largest retail branch network and is also a performing player in specific markets segments elsewhere in the country. As at October 31, 2007, 41% of the Bank's total loans came from outside Quebec. The Bank ranks seventh among Canadian Schedule I chartered banks on the basis of assets.

The financial products and services industry is a mature industry with many types of competitors (notably Canadian chartered banks, foreign banks, trust and loan companies, credit unions, insurance companies, alternative financing companies, mutual fund companies, independent brokers and securities brokers). The Bank competes with them in all its areas of business. The main differentiation factors between suppliers of financial products and services are among others rates and prices offered on products and services, service quality, offering and flexibility of products and services, proximity and the technology used.

3.2.2 Loans

To control credit risks, the Bank has implemented credit and financial management policies that include limits on the maximum commitment that may be made to an individual or commercial borrower or a financial institution.

Within the limits set for loans granted to commercial borrowers, sublimits have been established to control the risks the Bank is prepared to assume in sectors deemed to entail higher risk. The sublimits apply to individual commitments as well as to commitments for specific industries and products.

Lastly, the Bank has established lending commitment limits for each region. The Bank's policies exclude the possibility of granting loans outside Canada. All exceptions to the policies require the approval of the Risk Management Committee of the Board of Directors.

3.2.3 Product Development

Always seeking to offer products and services that meet its clients' needs, the Bank continuously evaluates the relevance of its product offering and performs the research necessary to ensure its optimization. Product development is mainly done internally. Drawing on the expertise of the specialists of each line of business and the Marketing team, it constitutes a normal and regular activity of the Bank.

3.2.4 Skills and Specialized Knowledge

The success of a financial institution's business is based on, among other things, the skills and expertise of its human resources. As a result, the recruitment of competent resources, continuous training and the transfer of knowledge are key activities crucial to the Bank's performance. Despite a highly competitive job market, the working conditions and challenges offered by the Bank give it access to the resources necessary for its operation. The skill of its employees is an undeniable asset for the Bank.

3.2.5 Intangible Assets

The Bank attaches great value to its trademarks and other intellectual property rights. It has registered or applied to register a number of trade names and trademarks. The Bank follows up on its rights in this area; the duration and effects involved are variable.

3.2.6 Economic Dependence

Due to the nature of its activities and resources, the Bank is highly autonomous in its operations. However, it has entered into agreements with certain suppliers who provide strategic services to it on an outsourcing basis. For example, the Bank has entered into agreements with suppliers of information technology services that cover the processing and execution of all transactions related to its central information systems. Also in the information technology field, the Bank has outsourced the development and maintenance of its office automation applications and specialized applications to certain information technology consulting firms.

3.2.7 Business Cycle

The Bank's business generally follows economic cycles, and seasonal variation is relatively minor. However, the second quarter of the fiscal year, which has less days than the others (89 days compared to 92 days for the three other quarters) generates lower net interest income. This income generally accounts for between 50% and 67% of the Bank's total income and is particularly affected by this shorter period. Further information thereon can be found on page 51 of the 2007 MD&A.

3.2.8 Environmental Protection

Environmental legislation and regulations can give rise to certain financial risks. The Bank therefore considers environmental issues in its credit evaluation and asset acquisition procedures to ensure that its interests are reasonably protected. To date, environmental risks have had no material effect on the Bank's operations and results.

Due to the nature of the Bank's activities, environmental protection requirements have little impact on its business. However, the Bank is careful to manage its resources so as to limit the impact of its activities on the environment, in particular by encouraging recycling and optimal use of physical resources.

3.2.9 Reorganizations

Information concerning the nature and results of material reorganizations of the Bank or its subsidiaries is presented under the heading "Three-Year History" herein.

3.2.10 Social Policies

The Bank is concerned with being a good corporate citizen and contributing to the well-being of the community. That is why the Bank has created a foundation whose mission is to manage all donations that it grants to the community. Each year, approximately 1% of the Bank's net after-tax income is paid out in the form of donations to organizations and institutions that provide services to the public. The Bank concentrates its actions in a certain number of sectors and its key goals are: to Build our children's future, Contribute to the health of our society, Encourage mutual support and Help with a passion. The latter aspect encourages employees to get involved in their communities.

Employment equity is another key concern of the Bank and a priority issue in human resources management. Determined to provide equal employment opportunities to all its employees and all potential candidates, the Bank has implemented an employment equity program in compliance with the *Employment Equity Act* (Canada). The Bank recognizes that, even today, some members of the designated minority groups may face special problems on the job market. The Bank has therefore endeavoured to ensure employment equity by identifying and removing barriers to the employment of designated group members in its employment systems, rules and practices. The Bank also works towards achieving employment equity by implementing affirmative rules and practices and reasonable adaptation measures so that the number of designated group members in each occupational category of its workforce reflects the group's presence in society.

The Bank also adopted a policy on harassment in the workplace, which applies to all of the Bank's employees and of its subsidiaries as well as to all persons providing services to the Bank. The policy is based on the provisions of the *Canada Labour Code*, the *Canadian Human Rights Act* and provincial human rights acts which prohibit harassment. The Bank's policy on harassment in the workplace grants to all employees an access to a quick and confidential complaint procedure, which can lead to appropriate disciplinary measures, according to the circumstances.

3.3 Risk Factors

The information regarding the Bank's significant risk factors is presented under the "Integrated Risk Management Framework" heading on pages 53 to 64 of the 2007 MD&A and in Note 21 "Risk Management Related to Financial Instruments" to the 2007 Financial Statements. Reference is also made to the "Caution Regarding Forward-Looking Statements" on page 2 of this Annual Information Form.

4. DIVIDENDS

During the years specified below, the Bank declared the following dividends:

Dividends Declared			
	2007	2006	2005
	Per share (\$)	Per share (\$)	Per share (\$)
Common shares	1.16	1.16	1.16
Class A Preferred Shares			
Series 9	1.50	1.50	1.50
Series 10	1.31	1.31	1.31

At its meeting on December 4, 2007, the Board of Directors approved a \$0.03, or 10%, raise in the quarterly dividend to \$0.32 per common share. Further information thereon can be found on page 44 of the 2007 MD&A.

Restrictions

Under the *Bank Act* (Canada), the Bank is prohibited from declaring or paying any dividends on its preferred shares or common shares if there are reasonable grounds for believing that, in so doing, the Bank would be, or the payment would cause the Bank to be, in contravention of any capital adequacy and liquidity regulation or any direction made by the Office of the Superintendent of Financial Institutions (OSFI) regarding the Bank's capital or liquidity.

Holders of Class A Preferred Shares of all series of the Bank have priority over the holders of common shares of the Bank as to the right to receive the dividends declared by the Board of Directors in the amounts specified or determinable in accordance with the provisions relating to each series.

Policy

The Bank aims to pay a dividend on its common shares that will fall within the range of 40% to 50% of net income per share, while ensuring that capital is maintained at an optimal level for supporting its operations. Always ensuring that capital is maintained at an optimal level for supporting the Bank's operations, the Bank's common share dividend payout ratio could fall outside the range of 40% to 50% of net income per share if:

- the net income per share is affected by the result of operations or events of a non-recurring nature;
- the net income per share is at an atypical level and the forecasts indicate a return of the net income per share to a normal level.

For the 2008 fiscal year, the common share dividend payout ratio may be below 40% of net income per share in order that capital be maintained at an optimal level for supporting the Bank's operations. This is to a great extent explained by the increase of the Bank's assets, which requires more capital.

5. CAPITAL STRUCTURE

5.1 General Description of Capital Structure

Information regarding the Bank's capital structure can be found on pages 42 to 44 of the 2007 MD&A as well in Note 15 "Capital Stock" to the 2007 Financial Statements.

The holders of common shares are entitled to one vote for each share held at all meetings of shareholders, except meetings at which only holders of preferred shares of one or more series are entitled by law to vote. The holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors, subject to the rights of holders of preferred shares. In the event of any liquidation, dissolution or winding-up of the Bank, subject to the rights of holders of preferred shares, the holders of common shares are entitled to participate rateably in any distribution of the remaining property of the Bank.

The characteristics of non-cumulative Class A Preferred Shares Series 9 can be found in the final Short Form Prospectus dated October 25, 2001, and more specifically on pages 5 to 9, relating to the issuance of this series of shares.

The characteristics of non-cumulative Class A Preferred Shares Series 10 can be found in the final Short Form Prospectus dated April 6, 2004, and more specifically on pages 5 to 9, relating to the issuance of this series of shares.

5.2 Ratings (Assigned by Credit Rating Agencies)

Information regarding the ratings assigned by credit rating agencies can be found in the following tables and on pages 44 and 45 of the 2007 MD&A.

Standard & Poor's (S&P)

Deposits and debts	BBB	<ul style="list-style-type: none"> BBB is the fourth highest of S&P's ten long-term credit categories
Subordinated debentures	BBB-	<ul style="list-style-type: none"> BBB is the fourth highest of S&P's ten long-term credit categories The sign "-" means that the securities should be considered as belonging in the lower echelon of the category
Preferred shares	BB+ [or P-3 (High) on the Canadian scale]	<ul style="list-style-type: none"> BB+ is the fifth highest of S&P's ten long-term credit categories The sign "+" means that the securities should be considered as belonging in the upper echelon of the category
Short-term instruments	A-2 [A-2 on the Canadian scale]	<ul style="list-style-type: none"> A-2 is the second highest of S&P's six short-term credit categories

Dominion Bond Rating Service Limited (DBRS)

Deposits and debts	BBB	<ul style="list-style-type: none"> BBB is the fourth highest of DBRS's ten long-term credit categories
Subordinated debentures	BBB (Low)	<ul style="list-style-type: none"> BBB is the fourth highest of DBRS's ten long-term credit categories The qualifier "Low" means the securities should be considered as belonging in the lower echelon of the category
Preferred shares	Pfd-3	<ul style="list-style-type: none"> Pfd-3 is the third of DBRS's six preferred share credit categories
Short-term instruments	R-2 (High)	<ul style="list-style-type: none"> R-2 is the second of DBRS's six short-term credit categories The qualifier "High" means the securities should be considered as belonging in the upper echelon of the category

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

Rating Trends and Outlooks

As at the date of this Annual Information Form, the credit rating agencies' rating outlooks are as follows:

S&P	Stable
DBRS	Positive

A S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future action. The S&P rating outlooks have the following meanings:

- "Positive" means that a rating may be raised
- "Negative" means that a rating may be lowered
- "Stable" means that a rating is not likely to change
- "Developing" means a rating may be raised or lowered

Each DBRS rating category is appended with one of three rating trends—"Positive," "Stable," "Negative"—in addition to "Under Review." The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

6. MARKET FOR SECURITIES

6.1 Trading Price and Volume

The common and preferred shares of the Bank are listed on the Toronto Stock Exchange (TSX).

Price Range and Volume Traded Laurentian Bank of Canada (Common Shares) Symbol: "LB" on the TSX			
Month	High (\$)	Low (\$)	Volume
November 2006	30.24	28.79	1,370,000
December 2006	30.60	29.18	1,350,000
January 2007	31.05	30.05	1,410,000
February 2007	31.69	30.35	1,590,000
March 2007	34.10	31.00	3,160,000
April 2007	33.29	32.11	1,150,000
May 2007	34.45	31.65	1,650,000
June 2007	35.79	33.58	2,360,000
July 2007	40.20	34.98	3,340,000
August 2007	38.39	33.06	2,260,000
September 2007	44.28	36.57	3,630,000
October 2007	45.08	41.21	2,060,000
Total			25,330,000

<u>Price Range and Volume Traded</u>			
Laurentian Bank of Canada (Preferred Shares Series 9) Symbol: "LB.PR.D" on the TSX			
Month	High (\$)	Low (\$)	Volume
November 2006	26.78	26.01	25,315
December 2006	26.60	25.93	47,475
January 2007	26.68	26.31	35,104
February 2007	26.58	26.29	33,825
March 2007	26.49	25.81	80,299
April 2007	26.30	25.93	53,005
May 2007	26.23	25.01	65,970
June 2007	25.97	24.70	77,108
July 2007	25.55	25.04	43,695
August 2007	25.75	25.03	39,855
September 2007	25.89	25.01	26,315
October 2007	26.00	24.57	50,335
Total			578,301

<u>Price Range and Volume Traded</u>			
Laurentian Bank of Canada (Preferred Shares Series 10) Symbol: "LB.PR.E" on the TSX			
Month	High (\$)	Low (\$)	Volume
November 2006	26.79	26.10	54,410
December 2006	26.78	26.46	29,491
January 2007	26.79	26.01	35,160
February 2007	26.69	26.05	38,790
March 2007	27.47	26.00	23,336
April 2007	26.29	25.40	44,207
May 2007	25.99	24.90	76,268
June 2007	25.02	23.78	81,922
July 2007	24.82	23.91	47,550
August 2007	24.70	23.71	52,235
September 2007	24.42	23.11	58,622
October 2007	23.79	21.36	96,264
Total			638,255

7. ESCROWED SECURITIES

Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common shares	20,000	0.08%

As at October 31, 2007, 20,000 common shares of the Bank (representing 0.08% of the issued and outstanding common shares of the Bank) were held in a trust of which Laurentian Trust of Canada is the trustee and Mr. Raymond McManus is the beneficiary. In accordance with the terms of his employment agreement, Mr. McManus will have full disposal of these shares as of January 1, 2008.

8. DIRECTORS AND OFFICERS

8.1 Name, Position and Security Holding

As at October 31, 2007, the directors and executive officers of the Bank, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 59,196 common shares of the Bank (representing 0.248% of the issued and outstanding common shares of the Bank).

Directors

As at the date of this Annual Information Form, the directors of the Bank are:

Name	Place of residence	Director since	Principal occupation
Lise Bastarache	Candiac (Quebec)	2006	Corporate director and economist
Jean Bazin	Nun's Island, Verdun (Quebec)	2002 (and from 1990 to 2000)	Counsel, Fraser Milner Casgrain LLP
Richard Bélanger	Lac-Beauport (Quebec)	2003	President, Toryvel Group Inc.
Ève-Lyne Biron	Candiac (Quebec)	2003	President and General Manager, Laboratoire Médical Biron inc.
Isabelle Courville	Dorval (Quebec)	2007	President, Hydro-Québec TransÉnergie
L. Denis Desautels	Ottawa (Ontario)	2001	Executive-in-Residence, School of Management of the University of Ottawa
Pierre Genest	Quebec City (Quebec)	2006	Chairman of the Board, SSQ, Life Insurance Company Inc.
Georges Hébert	Town of Mount-Royal (Quebec)	1990	President, Prosys-Tec Inc.
Veronica S. Maidman	Toronto (Ontario)	2001	Chair, Advisory Council, Equifax Canada Inc.
Pierre Michaud	Montreal (Quebec)	1990	Chairman of the Board, Provigo inc.
Carmand Normand	North Hatley (Quebec)	2004	Executive Chairman, Addenda Capital inc.
Réjean Robitaille	La Prairie (Quebec)	2006	President and Chief Executive Officer, Laurentian Bank of Canada
Jonathan I. Wener	Hampstead (Quebec)	1998	Chairman of the Board, Canderel Management Inc.

All directors will hold office until the close of the next annual meeting of the shareholders of the Bank or until the election or appointment of their successors.

All the directors of the Bank have held their present positions or other management positions in the same or related companies during the last five years, with the exception of Ms. Lise Bastarache who, prior to February 2005, was Regional Vice-President – Quebec, Private Banking at RBC Financial Group; Mr. Richard Bélanger, who, prior to June 2004, was Senior Vice-President, Eastern Operations and Corporate Development, at Canfor Corporation; Ms. Isabelle Courville, who, prior to January 2007, was President of Bell Canada’s Enterprise Group and, prior to June 2003, was President and Chief Executive Officer of Bell Nordiq (Télébec NorthernTel); Mr. Pierre Genest, who, prior to April 2006, was corporate director and, prior to February 2006, was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.); and Mr. Georges Hébert, who, prior to July 2003, was a business and management consultant.

The Bank has three committees of the Board of Directors, the members of which are as follows:

Audit Committee: Lise Bastarache, Jean Bazin, Richard Bélanger (Chair), Isabelle Courville and L. Denis Desautels.

Risk Management Committee: Richard Bélanger, Pierre Genest, Georges Hébert, Veronica S. Maidman and Jonathan I. Wener (Chair).

Human Resources and Corporate Governance Committee: Ève-Lyne Biron, L. Denis Desautels, Pierre Michaud (Chair) and Carmand Normand.

Executive Officers

The Bank’s executive officers as at the date of this Annual Information Form and their place of residence are:

Name	Position	Place of Residence
Réjean Robitaille	President and Chief Executive Officer	La Prairie, Quebec
Luc Bernard	Executive Vice-President, Retail Financial Services and SME	Longueuil, Quebec
Robert Cardinal	Senior Executive Vice-President, Finance, Administration and Strategic Development and Chief Financial Officer	Brossard, Quebec
François Desjardins	Executive Vice-President, Bank, and President and Chief Executive Officer, B2B Trust	Longueuil, Quebec
Bernard Piché	Executive Vice-President, Treasury, Capital Markets and Brokerage	Montréal, Quebec
Lorraine Pilon	Executive Vice-President, Corporate Affairs and Secretary	LaSalle, Quebec

All the executive officers of the Bank have held their present positions or other management positions at the Bank or its subsidiaries during the last five years.

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

9.1 Legal Proceedings

Relevant information with respect to legal proceedings can be found in Note 26 “Contingencies” to the 2007 Financial Statement.

9.2 Regulatory Actions

On December 5, 2006, a settlement agreement was reached between B2B Trust and the Manitoba Securities Commission regarding certain acquisitions of shares of Canadian Controlled Private Corporations in self-directed RRSPs which occurred between 1998 and 2000. Under such agreement, B2B Trust agreed to make a voluntary payment of \$10,000 to the Treasury of the Province of Manitoba, without admission of liability.

10. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar of the Bank is Computershare Investor Services Inc. The transfer books for each class of shares of the Bank are kept in Chicago, Illinois, United States.

11. INTERESTS OF EXPERTS

11.1 Names of Experts

The external auditor of the Bank is Ernst & Young LLP. The external auditor has confirmed that it is independent in accordance with the applicable rules of professional conduct.

12. AUDIT COMMITTEE DISCLOSURE

12.1 Mandate of the Audit Committee

The mandate of the Audit Committee can be found in Schedule A to this Annual Information Form.

12.2 Composition of the Audit Committee

The Audit Committee of the Bank is formed of:

Richard Bélanger, Chair
Lise Bastarache
Jean Bazin
Isabelle Courville
L. Denis Desautels

Each member of the Audit Committee is independent and financially literate within the meaning of Rule 52-110 on Audit Committees.

12.3 Relevant Education and Experience

Richard Bélanger, FCA – Mr. Bélanger chairs the Bank’s Audit Committee. He is president of Toryvel Group Inc., Stetson Timberlands Inc. and Theseus Capital Inc. Prior to June 2004, he was Senior Vice-President, Eastern Operations and Corporate Development of Canfor Corporation. He has also served as, among other positions, President and Chief Executive Officer of Daaquam Lumber Inc. and Chairman and Chief Executive Officer of Produits forestiers Anticosti inc. From 1982 to 1992, he was managing partner of the Bélanger, Girard, Lavoie, Mooney accounting firm, which he founded after having served as an auditor for the Raymond, Chabot, Martin, Paré accounting firm.

A chartered accountant since 1980, Mr. Bélanger was awarded the Prix Émérite and the designation “Fellow” by the Ordre des comptables agréés du Québec in May 2004. He is a member of the board of directors of Stella-Jones Inc., a publicly-traded company, where he has also been a member of the audit committee, since 1997. He is also a member of the board of trustees, member of the audit committee and chair of the governance and human resources committee of Genivar Income Fund, a publicly-traded entity.

Lise Bastarache – Ms. Bastarache is corporate director and economist. Prior to February 2005, she was Regional Vice-President – Quebec, Private Banking at RBC Financial Group and, prior to January 2001, was Business Analyst, Commercial Banking, again at RBC Financial Group. Ms. Bastarache sits on the board of directors of The Jean Coutu Group (PJC) Inc. and the board of trustees of Chartwell Seniors Housing Real Estate Investment Trust, two publicly-traded entities. She is also member of the board of governors of the Université de Moncton, where she chairs the finance committee. She was a member of the board of directors of New Brunswick Power until November 1, 2007.

Ms. Bastarache holds a bachelor’s and master’s degree in Economics and pursued doctoral studies in Macroeconomics.

The Honourable Jean Bazin, Q.C, LL.L., B. Comm – Mr. Bazin is Counsel at the Fraser Milner Casgrain LLP law firm, which he joined in 1965. Appointed Queen’s Counsel in 1984, he was a member of the Senate from 1986 to 1989. As such, he held a seat on the Standing Senate Committee on National Finance, the Standing Senate Committee on Energy and Natural Resources and the Standing Senate Committee on Foreign Affairs, of which he was vice-chairman. As part of his work on these committees, he took part in studies on free trade.

Mr. Bazin has been or is a member of several boards of directors of non-publicly traded companies and is or has been a member of the audit committee for several of them, on which he has gained a thorough understanding of internal control and the financial reporting process. He is Chairman of the Board of the Société générale de financement du Québec. He also sits on the board of directors of Miranda Technologies Inc., a publicly traded company. He has also worked with several important associations in Canada and abroad, among others the Quebec-Japan Business Forum, of which he was president in 1999.

Isabelle Courville – Isabelle Courville has been President of Hydro-Québec TransÉnergie since January 2007. This division, with assets in excess of \$16 billion and revenue of \$2.6 billion, operates the most extensive power transmission system in North America. Before joining Hydro-Québec, Ms. Courville was President of Bell Canada's Enterprise Group, which generates \$3 billion in revenues. Previously, as President and Chief Executive Officer of Bell Nordiq Group, Ms. Courville spearheaded the creation of the Bell Nordiq Income Fund, the first of its kind in Canada's telecommunications industry.

Ms. Courville has acquired extensive experience in managing regulated, publicly traded companies and a government corporation. She has led companies with the highest standards of corporate governance, where she developed significant expertise with respect to the presentation and analysis of financial statements and rules governing disclosure of financial information.

An engineer and lawyer, Ms. Courville has held a number of executive-level positions related to supply, investments, technology, and national and international alliances. She is a member of the board of directors of Miranda Technologies Inc., a publicly traded company, and sits on the boards of directors of the NPCC (Northeast Power Coordinating Council), the Board of Trade of Metropolitan Montreal and the Sainte-Justine Hospital Foundation. Recipient of Canada's Most Powerful Women: Top 100 Award in 2005 and 2006, Ms. Courville received the McGill Management Achievement Award in 2007 for her contribution to the business world and community involvement.

L. Denis Desautels, O.C., FCA – Mr. Desautels is Executive-in-Residence of the School of Management of the University of Ottawa. A chartered accountant since 1964, he worked as a certified public accountant, auditor and senior partner of the Ernst & Young accounting firm (formerly Clarkson Gordon) from 1964 to 1991. Mr. Desautels was appointed Auditor General of Canada in 1991, a position he held until 2001. As such, he was responsible for auditing the financial statements of the Canadian government, territorial governments and many Crown corporations.

The Ordre des comptables agréés du Québec and the Institute of Chartered Accountants of Ontario awarded him the title of Fellow in 1986 and 1991 respectively. More recently, he has received honorary doctorates from the University of Ottawa, Waterloo University and Saint Paul University and has also been appointed an Officer of the Order of Canada.

Mr. Desautels is a member of the boards of directors and president of the audit committees of Bombardier Inc. and The Jean Coutu Group (PJC) Inc. He was a member of the board of directors and president of the audit committee of Alcan Inc. until November 2007.

12.4 Prior Approval Policies and Procedures

During the fiscal year, the Audit Committee reviewed the Bank's policy regarding the services that could be provided by its external auditor. The policy specifies the prior approval procedures for non-auditing services provided by the Bank's auditor. The policy generally prohibits the Bank from hiring its auditor to provide certain services unrelated to audits at the Bank and its subsidiaries, including services related to bookkeeping and to the financial statements; to the design and implementation of financial information systems; to evaluation, actuarial, internal audit and investment banking services; to management and human resources functions; and to legal services. The policy allows the Bank to retain the services of the auditor for non-auditing services in certain cases and only with the prior approval of the Audit Committee. In addition, the policy sets out various restrictions on the hiring of personnel who have worked for the external auditor.

12.5 Fees for the Services of the External Auditor (Broken Down by Category)

The following table presents by category the fees billed by the external auditor Ernst & Young LLP for the fiscal years ended October 31, 2007 and 2006.

Fee category	2007 (\$)	2006 (\$)
Audit fees	1,712,100	1,672,300
Fees for audit-related services	119,800	148,500
Fees for tax services	29,700	-
Other fees	364,500	213,500
Total	2,226,100	2,034,300

“**Audit fees**” include all fees of Ernst & Young LLP for the audit of the annual consolidated financial statements, examination of the interim financial statements, the other statutory audits and submissions, and the fees related to consultation regarding standards of accounting and financial disclosure.

“**Fees for audit-related services**” include all fees of Ernst & Young LLP for certification services and other related services traditionally carried out by the independent auditor, including the audit of various trusts and other entities required in the context of securitization of mortgage loans receivables.

“**Fees for tax services**” include all fees of Ernst & Young LLP for tax-related advice other than the time devoted to the review of fiscal impacts as part of the audit and examination of the financial statements.

“**Other fees**” include all fees of Ernst & Young LLP for all services other than those posted in the Audit Fees, Fees for audit-related services and Fees for tax services categories, in particular translation services and business recovery services where the auditor acts as privately appointed receiver and manager pursuant to the terms of a security instrument held by the Bank.

13. ADDITIONAL INFORMATION

Additional information relating to the Bank may be found on the SEDAR website (www.sedar.com) and on the Bank’s website (www.laurentianbank.ca).

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Bank’s securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Bank’s Management Proxy Circular for its most recent annual meeting of securityholders that involved the election of directors.

Additional financial information is provided in the Bank’s financial statements and MD&A for its most recently completed financial year.

The Bank will provide to any person or corporation, upon written request to the Executive Vice-President, Corporate Affairs and Secretary of the Bank, at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec H3A 3K3:

- (a) when securities of the Bank are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus:

- (i) one copy of the latest annual information form of the Bank, together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;
 - (ii) one copy of the comparative financial statements of the Bank for the Bank's most recently completed financial year, together with the report of the auditor thereon, and one copy of any interim financial statements of the Bank submitted, if applicable, for all periods following the end of the last fiscal year;
 - (iii) one copy of the management proxy circular of the Bank in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual documents submitted in lieu of that management proxy circular, if applicable; and
 - (iv) one copy of any other documents which are incorporated by reference into the preliminary short form prospectus or the short form prospectus and that the Bank is not bound to supply under clauses (a) (i), (ii) and (iii) above;
- (b) at any other time, one copy of the documents referred to in clauses (a) (i), (ii) and (iii) above, for which the Bank may require the payment of a reasonable charge from such a person or corporation who is not a security holder of the Bank.

SCHEDULE A

MANDATE OF THE AUDIT COMMITTEE

1. Establishment

The Audit Committee (the «Committee») is constituted by the Bank's Board of Directors in order to support it in exercising its oversight and communication and disclosure functions.

The Committee reviews its mandate annually.

2. Appointment and Membership

The Committee consists of at least three directors.

At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank. All Committee members must meet the independence requirements established by the Board and are financially literate as stipulated in *Multilateral Instrument 52-110 – Audit Committees*.

Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. Compensation

For their services, the members of the Committee receive the compensation established by resolution of the Board.

4. Meetings

The Committee meets at least once every quarter.

Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them.

The Committee Chair, the President and Chief Executive Officer, the Chief Financial Officer, the officer in charge of internal audit and the external auditor can demand that a meeting be held.

The external auditor receives notice of and may attend Committee meetings.

5. Quorum

Quorum at Committee meetings shall be constituted by a majority of the members.

6. Chair

The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore.

The external auditor, the officer in charge of internal audit and the officer in charge of compliance may communicate directly with the Chair.

7. Procedure

The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.

8. Powers of the Committee

In carrying out its mandate, the Committee, if it deems appropriate, may:

- (a) call a meeting of directors;
- (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
- (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.

9. Secretary

The Secretary of the Bank or any other officer designated by the President of the Bank shall carry out, with respect to the Committee's mandate, the duties of the secretary and those assigned by the Committee Chair.

10. Functions

The Committee discharges its statutory obligations and exercises the following functions which are delegated by the Board as well as any other functions that may from time to time be delegated to it by the Board:

10.1 Oversight Functions

With respect to the external auditor:

- 10.1.1 recommend to the Board the appointment or dismissal of the external auditor;
- 10.1.2 assure itself of the competence, independence and the adequacy of the resources of the external auditor, review and, if appropriate, approve its mandate and engagement letter and recommend its compensation to the Board;

- 10.1.3 assure itself of the competence and independence of the audit firm's partner in charge of the Bank's account and assure itself of his/her periodic rotation;
- 10.1.4 assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;
- 10.1.5 oversee the external auditor's activities and resolve all issues that may arise between the external auditor and Management;
- 10.1.6 periodically review the external auditor's performance;
- 10.1.7 establish criteria for any non-audit services that the external auditor may provide, including rules stipulating when advance approval by the Committee is required, and approve such services in advance when required;
- 10.1.8 review and, if appropriate, approve the hiring policies with respect to the partners and employees and former partners and employees of the current and former external auditors;

With respect to financial statements and reports:

- 10.1.9 oversee the integrity and quality of financial statements and assure itself that the institution's accounting practices are prudent and appropriate;
- 10.1.10 discuss the quality of financial statements with the external auditor and assure itself that the financial statements fairly present the financial position, the results of operations and the cash flows of the Bank;
- 10.1.11 discuss the audit results, financial statements and related documents, audit report and any related concern of the external auditor with Management and the external auditor;
- 10.1.12 hold regular meetings with the external auditor, without Management present, to understand all issues that may have arisen during meetings between the auditor and Management in the course of the audit and how those issues have been resolved, and to determine the extent to which accounting practices being used by the Bank are appropriate relative to materiality of the item;
- 10.1.13 review the external auditor's recommendation letter which follows the annual audit and the corresponding follow-ups, material changes to accounting practices, the main value judgements on which the financial reports are based and how these reports are drafted;

- 10.1.14 review the annual and quarterly financial statements, management's discussion and analysis and press releases regarding annual and quarterly results, the annual information form and any statement required by regulatory authorities prior to their publication and recommend their adoption by the Board, if appropriate;
- 10.1.15 examine all investments and transactions likely to undermine the Bank's financial position that are reported by the external or internal auditor or an officer, including loans referred to in section 328 of the *Bank Act*, and meet with the external auditor to discuss them;
- 10.1.16 recommend to the Board the declaration of dividends and review the related press release;
- 10.1.17 review and, if appropriate, approve transfers of tax between the Bank and its affiliates;
- 10.1.18 review and, if appropriate, approve the financial statements of the pension plans offered by the Bank to its employees;

With respect to the internal audit function:

- 10.1.19 approve the selection of the officer in charge of internal audit and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate;
- 10.1.20 assure itself that the internal audit activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
- 10.1.21 assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;
- 10.1.22 discuss with the officer in charge of internal audit his/her material findings and recommendations and follow up thereon;
- 10.1.23 periodically review the performance of the officer in charge of internal audit;

With respect to internal controls:

- 10.1.24 assure itself that Management implements appropriate internal control and management information systems, review, assess and approve such systems and assure itself of their integrity and effectiveness, including the elements comprised in any certification required by regulations;

- 10.1.25 meet with the external auditor, the officer in charge of internal audit and Management to discuss the effectiveness of the implemented internal control and management information systems and the measures taken to rectify any material weaknesses and deficiencies;
- 10.1.26 assure itself that Management implements procedures regarding the receipt, retention and handling of complaints received with respect to accounting, internal accounting controls or audit as well as regarding confidential anonymous submissions by employees on questionable accounting or audit matters, and review and, if appropriate, approve the policy on the handling of complaints and comments about suspicious accounting and audit-related activities and assure itself of its respect;

With respect to compliance:

- 10.1.27 review and, if appropriate, recommend that the Board approve the compliance policy and assure itself of its respect;
- 10.1.28 review and, if appropriate, approve the money laundering and terrorist financing policy and assure itself of its respect;
- 10.1.29 approve the selection of the officer in charge of compliance and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation;
- 10.1.30 assure itself that the compliance activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
- 10.1.31 discuss with the officer in charge of compliance his/her material findings and recommendations and follow up thereon;

With respect to supervisory agencies:

- 10.1.32 meet with regulatory authorities, discuss their findings and recommendations and follow up thereon.

10.2 Communication and Disclosure Functions

- 10.2.1 review and, if appropriate, approve the ways by which the shareholders and other stakeholders can communicate with the Bank;
- 10.2.2 assure itself that adequate procedures are in place to examine communication of financial information to the public excerpted or derived from financial statements, assure itself of their effectiveness, review and, if appropriate, approve the financial information disclosure policy and assure itself of its respect;
- 10.2.3 report to the shareholders on the Bank's performance.

11. Reporting

The Committee reports on its activities to the Board of Directors, verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting.

The Committee also reports yearly on its activities to the shareholders in the course of the annual shareholders' meeting.