

**We are
all this.
And much
more.**



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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this Annual report 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.

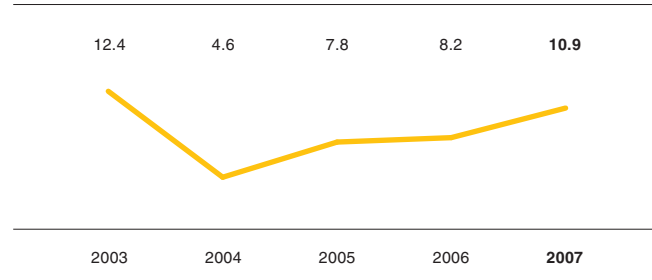
By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove inaccurate. Although 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.

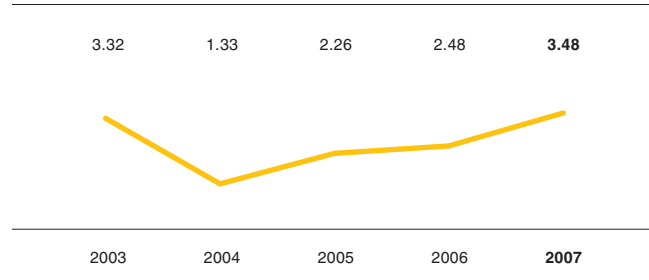
Return on common shareholders' equity

(as a percentage)



Diluted net income per common share

(in dollars)



Financial highlights

For the years ended October 31 (in millions of dollars, unless otherwise indicated)

| | 2007 | 2006 | 2005 |
|---|----------|----------|----------|
| Per common share | | | |
| Diluted net income | \$ 3.48 | \$ 2.48 | \$ 2.26 |
| Diluted income from continuing operations | \$ 3.29 | \$ 2.28 | \$ 1.85 |
| Dividends | \$ 1.16 | \$ 1.16 | \$ 1.16 |
| Book value | \$ 33.34 | \$ 31.18 | \$ 29.85 |
| Share price | | | |
| High | \$ 45.08 | \$ 36.72 | \$ 32.79 |
| Low | \$ 28.79 | \$ 28.01 | \$ 22.51 |
| Close | \$ 43.70 | \$ 29.05 | \$ 30.35 |
| Financial ratios | | | |
| Price/earnings ratio | 12.5x | 11.7x | 13.4x |
| Market to book value | 131% | 93% | 102% |
| Dividend yield | 2.65% | 3.99% | 3.82% |
| Net interest income as a percentage of average assets | 2.31% | 2.14% | 1.99% |
| Earnings | | | |
| Total revenue | \$ 583.9 | \$ 539.8 | \$ 510.0 |
| Net income | \$ 94.5 | \$ 70.3 | \$ 65.3 |
| Income from continuing operations | \$ 90.1 | \$ 65.6 | \$ 55.6 |
| Efficiency ratio | | | |
| <i>Non-interest expenses as a % of total revenue</i> | 73.2% | 76.1% | 76.4% |
| Return on common shareholders' equity | 10.9% | 8.2% | 7.8% |
| Other information | | | |
| Number of full-time equivalent employees | 3,289 | 3,238 | 3,180 |
| Number of branches | 157 | 158 | 157 |
| Number of automated banking machines | 338 | 325 | 313 |
| Brokerage Offices | 14 | 14 | 11 |
| Commercial Banking Centres | 29 | 28 | 28 |

Laurentian Bank of Canada 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.

Our strengths

Solid financial situation

- > strong balance sheet and capital ratios
- > strong proportion of insured mortgages and of personal deposits
- > limited exposure to asset-backed commercial papers issued by non-bank conduits

An efficient strategie

- > solid presence in Quebec
- > diversified activities spread across Canada
- > high quality products and services

2008 priorities

Improve profitability...

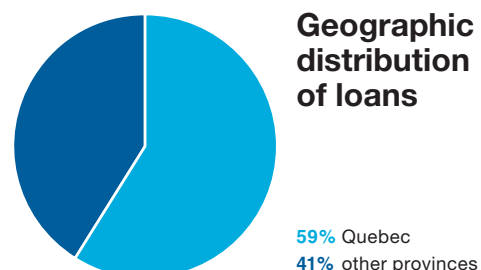
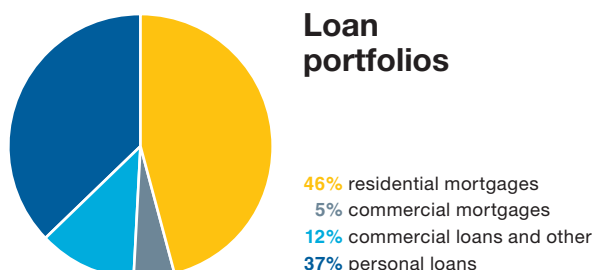
... by furthering the resources dedicated to internal growth and the development of high-return operations.

Enhance organizational efficiency...

... by reexamining key processes and approaches in order to lower operating costs and focus more energy on growth generating activities.

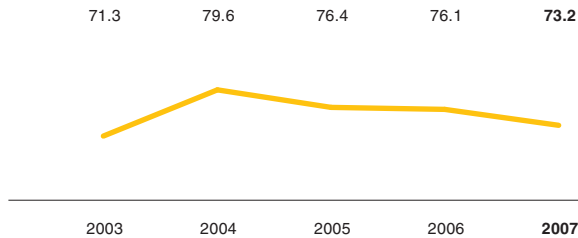
Develop human capital...

... by ensuring the development of the full potential of all employees, on the one hand, and, on the other hand, by emphasizing the development of a sales culture while upholding the highest standards of service quality.

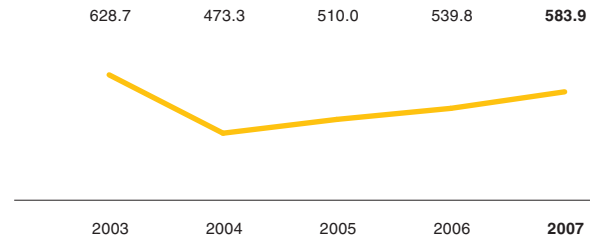


Efficiency ratio

(non-interest expenses as a percentage of total revenue)

**Total revenue**

(in millions of dollars)

**Business segments**

Contribution to net income of the Bank

42%**22%****29%****7%****Retail Financial Services**

- > a complete line of products and services
- > 157 branches
- > 338 ATMs in Quebec
- > a network of 3,500 merchants offering our financing across Canada
- > partnerships, alliances and contracts (Industrial Alliance, FTQ, Western Union, exclusive ATM contract in Montreal's Métro)

Commercial Financial Services

- > large selection of financial products and services for small and mid-sized companies, real estate firms and agricultural enterprises
- > 29 commercial business centres in Canada
- > services that stand out through their innovativeness, with competitive products known for their quality, and through superior service

B2B Trust

- > provides financial advisors, planners and brokers with financial products and services designed for their clientele throughout Canada
- > a leader in investment loan products and RRSP lending
- > largest supplier of wholesale deposit products
- > an outside network of more than 16,000 independent financial advisors

Laurentian Bank Securities

- > 14 brokerage offices in Quebec and Ontario
- > specializing in five sectors: Institutional – Fixed Income, Institutional – Equity, Retail, Discount Brokerage and Business Services

2007 financial highlights

- > Total loans and banker's acceptances growth of 9 %
- > Growth of diluted earnings per common share of 40%
- > Significant improvement of the efficiency ratio, from 76.1% to 73.2%
- > Contribution of all business lines to net income growth
- > 10% increase of the quarterly dividend distributed on common shares announced in December 2007

Our values

- > **passion for client interests**
- > **simplicity**
- > **entrepreneurship**
- > **integrity**
- > **team work**



Management team,
from left to right,
Bernard Piché
François Desjardins
Luc Bernard
Réjean Robitaille
Robert Cardinal
Lorraine Pilon

A word from the President and CEO

On behalf of the Management Committee and employees of Laurentian Bank, I am very proud to present our 2007 annual report, which shows the many progresses achieved by our organization in the last few years. Our financial results, the development of our business segments and the initiatives launched for our customers—these are all things we can be proud.

Fiscal 2007 was a good year for Laurentian Bank. We have posted some impressive results. Net income increased by more than 34% during the year to \$94.5 million and the return on common shareholders' equity also improved by more than 30%. The latter reached 10.9% for 2007, amounting to \$3.48 of diluted earnings per common share.

By and large, the Bank benefited from a substantial internal growth of its loan and deposit portfolios which increased by approximately \$2 billion. This situation represents a milestone moment in the history of the Bank's development.

Also, thanks to a number of well-targeted strategic initiatives and to the involvement and dedication of our employees, all of our business segments improved their performance this year and continued to grow in a sustained, profitable manner.

Moreover, I am particularly happy to report that our unionized employees voted in favor of an agreement in principle between the Bank and the Union to renew the collective agreement. For a term of four years, this new agreement attests the marked improvement of labor relations within our enterprise. In this respect, I would like to thank all of those who directly or indirectly contributed to this important undertaking.

On the other hand, our prudent approach in matters of risk management and the judicious composition of our portfolios and balance sheet are further advantages for our investors. As an example, I would like to point out that the Bank's exposure to asset-backed commercial paper (ABCP) covered by the "Montreal Agreement" is limited.

At the starting of the new fiscal year, we are consequently well positioned to continue on our growth, and to maximize the benefits entailed for our shareholders, employees, customers and partners.

A long term vision

By its own definition, Laurentian Bank is a banking institution that operates throughout Canada—with 41% of its loans actually extended outside the province of Quebec—and offers customers diversified financial services. We have been focusing on personal banking customers as well as small and medium-sized businesses. We have also built business relationships with a vast outside network of independent financial intermediaries. We are in fact known for our proximity to customers and the excellence of our service.

Our developmental vision entails thorough analysis of our current positioning as well as of the present situation in our markets and in the financial services industry. This vision also rests on the

appreciation of the Bank's strengths and on its long-term development potential.

It is clear that for Bank Management, our positioning will remain well targeted and our sights will remain firmly set on the development of the business segments where we are most competitive. This is the philosophy we have adopted in recent years, and it has been rewarding indeed.

Concrete priorities

This pragmatic approach is evident in the way we have identified our priorities within the company. At the outset of my mandate as President and Chief Executive Officer, I set forth the three priorities that would guide our actions in 2007. In 2008, we will keep these same three priorities which are: increasing profitability, improving operational efficiency and developing our human capital. In terms of these priorities, we made significant progress during fiscal 2007.

Regarding our first priority, all business segments reported increased profitability in 2007. B2B Trust truly stood out in this regard by increasing its loan and deposit portfolios,

reducing loan losses, and improving its programs and services. I should also acknowledge the good performance of the Retail Financial Services as well as that of the Real Estate Financing team.

These three sectors of activity are the prime engines of growth and profitability for the Bank as a whole.

Operational efficiency, our second priority, also improved—with our efficiency ratio going from 76.1% to 73.2%. We have reviewed certain key processes in a bid to reduce the amount of administrative work done by our sales force, enabling them to concentrate more closely on providing service and developing their client base.

The year 2007 also featured human capital development efforts, our third priority. We deployed an entirely new and more structured performance management program better suited to the Bank's reality. All of our managers participated to a training program, and we are enthused by their positive response.

We also deployed a series of new programs, notably to ensure smooth

integration of new employees. We have prioritized the development of programs for employees who work with customers in order to bring them on board with the Bank's culture from the outset and ensure they adhere to our exacting customer-service standards.

Our actions for 2008

Our financial objectives for 2008 were defined to reflect our long-term vision, and these same parameters will be used to measure our organization's success. We need to continue investing in our material and human resources. This will give the Bank the necessary tools and skills to ensure growth on a solid foundation and nurtures its long-term development without losing sight of our short-term profitability imperatives.

We at the Bank intend to maintain our investment program throughout the 2008 fiscal year in order to develop our various sectors of activity, optimize our business processes and improve our offer of products and services to customers.

Whether these investments are made in the branch and ATM network, in systems, in publicity and marketing, or in developing skills of our employees, they are necessary not only in support of the Bank's daily activities but also to consolidate and strengthen our competitive advantages in the eyes of our customers.

Growth objective

Over the last few years and throughout 2007, the development in our sectors, the improvement of our operation's profitability and the implementation of fruitful initiatives allowed us to accelerate our development in our targeted markets and niches.

At the same time, we have become "better operators" by mobilizing our energies and resources toward successful growth. This enabled us to optimize our operations and more effectively address customer needs. Of course, this is an ongoing process, which will require a sizable measure of our time and energy over the coming months and years.

In this respect, I would like to take this opportunity to thank each and every one of our employees for their involvement and dedication to the Bank and to all our customers. Every day, they make a contribution to the improvement in the way we do things, and consequently our effectiveness and profitability. Our human resources remain our most precious asset, and we will continue to do our utmost to make the Bank a stimulating workplace where their skills and expertise are valued and encouraged to develop.

I would also like to heartily thank management and our Board of Directors. Their competencies, commitment and support are responsible for the excellent results we posted in 2007.

Finally, to our shareholders and customers, I would reiterate our commitment to remain ever attentive to their best interests, whether in terms of service or return. In this area, as everywhere else, the Bank will always pursue excellence.

And this commitment is concrete. We have decided to increase dividends paid

out to common shareholders. This 10% increase in our quarterly dividend, went from \$0.29 to \$0.32 (\$1.16 to \$1.28 annualized), bears witness to our confidence in the Bank's success.

Today, Laurentian Bank is a financial institution that rests on a solid foundation and is determined to exploit its important potential for growth. In upcoming months and years, we will use that base to pursue thorough and accurately targeted strategies to promote sustainable development for the Bank, for the greater benefit of our shareholders, employees, customers and partners.



Réjean Robitaille
President and Chief Executive Officer



A word from the Chairman of the Board

As shareholder representatives, the directors who sit on the Board of Laurentian Bank have more than a few reasons to be gratified with the results of the 2007 fiscal year. One of the highlights of the year just ended was the fact that our new president and CEO, Mr. Réjean Robitaille, took over the reins from his predecessor, and did so most ably, by demonstrating strong leadership.

Likewise, the commitment and dedication of the Bank's employees pushed all sectors of activity into very positive performances over the year, thus providing for the growth of their operations.

Performance and growth, in turn, contributed to a clear improvement in profitability, which reinforced our confidence in the Bank's sustained and sustainable development over the long term.

This year-end review also features a few points of pride. The combined efforts of management and employees have enabled us to attain and even exceed our objectives. The Bank is consolidating its assets and acquisitions in its target markets. The initiatives and measures adopted as part of our business plan have borne fruit. In other words, the Bank's strengths have truly come together to produce the results we have seen.

The signing of a new collective agreement with unionized employees, one of the highlights of the year, is another example that should rightly be underscored. This agreement is definite proof of the determination of management and employees to work together to contribute to the Bank's development. It also augurs very well for our institution's future potential.

As we can see, the Bank's progress and results over the past year have been exciting for everyone concerned. However,

the context of the financial services industry, and more specifically what has come to be called the "commercial paper crisis," has raised many concerns.

The Board of Directors shares these concerns and will continue to see to the best interests of its shareholders over the months and years to come. Among other responsibilities, this mission requires sustained and close attention to the regulatory framework and the business environment in which the Bank works in pursuit of its development.

In light of the issues and challenges that this business environment represents for the Bank, the Board of Directors insists on the Bank's having every possible means at its disposal to preserve its financial soundness. We have accordingly kept a watchful eye on our risk management, notably in terms of risks associated with financial products, which are becoming increasingly complex and sophisticated.

Along the same lines, I would like to point out that the Board of Directors, through its Audit Committee, and the Management Committee have carefully monitored the review of internal processes and controls regarding financial reporting in order to bring the Bank in compliance with statutory requirements as to the certification of financial information presented by the Bank to its shareholders, such as financial statements, management reports, or the annual information form.

As well, we have closely followed the implementation of the new Basel Framework on bank controls, which came into effect on November 1, 2007. We are convinced that the Bank has thereby adopted suitable measures for evaluating credit and operational risks.

On my behalf and on behalf of all Bank employees, I would like to express our

gratitude and our sincerest thanks to Dominic Taddeo, who, for more than ten years, has actively participated in Board work and greatly contributed to the growth of our institution.

As his successor, the Board of Directors has chosen Isabelle Courville, President of Hydro-Québec TransÉnergie. Ms. Courville brings immense experience and skills to the table, and that will no doubt benefit the Bank.

I would also like to thank both Veronica S. Maidman and Georges Hébert, who are stepping down from the Board of Directors. As one of our Directors since 2001, Ms. Maidman parlayed her vast experience into a significant contribution to the Board's work. For his part, Mr. Hébert is leaving a directorship he has held for 17 years. His skills and experience have been an invaluable asset for the Bank during his entire mandate. We are most grateful to both for their immense contributions.

Laurentian Bank has been recognized for the high calibre of its Board of Directors for some time, and it fully intends to continue placing a large amount of importance on sound governance. This it intends to accomplish by systematically balancing its Board in terms of competencies, age groups, male/female ratio and geographical origin.

The Board of Directors would like to thank all the people working daily on the Bank's development, and to assure them of its unwavering support.



L. Denis Desautels O.C., FCA
Chairman of the Board