



**LAURENTIAN BANK
OF CANADA**

ANNUAL INFORMATION FORM

February 26, 2004

TABLE OF CONTENTS

ITEM 1: COVER PAGE	
ITEM 2: CORPORATE STRUCTURE	3
Name and Incorporation.....	3
Intercorporate Relationships.....	3
ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS	3
Three-year History.....	3
Trends.....	4
ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS	5
General.....	5
Retail Financial Services.....	5
Commercial Financial Services.....	5
B2B Trust.....	5
Wealth Management and Brokerage.....	6
Competitive Conditions.....	6
Environmental Protection.....	6
Employees.....	6
ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION	6
Annual Information.....	6
Dividends.....	7
ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS	7
ITEM 7: MARKET FOR SECURITIES	8
ITEM 8: DIRECTORS AND OFFICEERS	8
Directors.....	8
Executive officers.....	8
ITEM 9: ADDITIONAL INFORMATION	9

Note: Unless otherwise specified, all information herein is presented as at October 31, 2003. Unless otherwise specified, references herein to the Annual Report are references to the 2003 Annual Report of Laurentian Bank of Canada. All such references are incorporated herein.

ITEM 2: CORPORATE STRUCTURE

Name and Incorporation

The full name of the issuer is Laurentian Bank of Canada (the “Bank”). 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 10,357,623 common shares of the Bank, representing 57.5% of this class of shares, sold the said shares by secondary distribution. The Bank thereby became a bank listed in Schedule I of the *Bank Act* (Canada).

Intercorporate Relationships

This information can be found on page 98 of the Annual Report. All subsidiaries identified therein are incorporated under the *Canada Business Corporations Act*, except B2B Trust and LBC Trust, which are incorporated under the *Trust and Loan Companies Act* (Canada), Laurentian Trust of Canada Inc., which is incorporated under the *Act respecting Trust Companies and Savings Companies* (Quebec) and Brome Financial Corporation Inc., which is incorporated under Part IA of the *Companies Act* (Quebec).

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

Three-year History

On November 1, 2000, the Bank finalized the acquisition of 43 Scotiabank branches in Quebec. Located mostly outside large urban centres, these new branches represented a pool of 165,000 customers. Further information on this acquisition can be found under the heading “Acquisitions” on pages 59 and 60 of the Bank’s 2002 Annual Report.

On June 4, 2001, the Bank and CGI Group, an information technology services firm, announced the signing of an agreement for the outsourcing of the information technology services of the Bank and its subsidiaries. On June 14, 2001, the Bank transferred most of its information technology services to CGI, as contemplated in the agreement.

On June 20, 2001, the Bank and B2B Trust announced the filing of a final prospectus for an initial public offering of 5,560,000 common shares of B2B Trust at a price of \$9 per share, representing gross proceeds of approximately \$50 million. Following the exercise of options to cover excess allotments, 834,000 common shares were issued, for a total of 6,394,000 common shares representing gross proceeds of approximately \$57 million.

On October 2, 2001, the Board of Directors of the Bank adopted a shareholder rights plan. Further information on this subject can be found on page 82 of the Annual Report.

On April 29, 2002, in view of the deterioration of the credit quality of some of its commercial loans at this time, including the loan of US\$25 million (approximately CDN\$39 million) to Teleglobe, the Bank announced an additional provision of \$70 million for credit losses for the second quarter of fiscal 2002 for losses on loans totalling \$80 million. The Bank also announced the constitution of an unallocated provision to facilitate the strategic repositioning of its commercial and corporate lending activities.

Raymond McManus was appointed President and Chief Executive Officer of the Bank on June 6, 2002, effective on August 1, 2002. The resignation of Henri-Paul Rousseau, who had been the Bank's President and Chief Executive Officer since 1994, was announced on May 29, 2002.

On December 4, 2002, the Bank announced that, as part of its business plan, it had decided to cease its transformation into a holding company and to maintain its present structure. Further information on this decision can be found under the heading "Outlook" on page 39 of the 2002 Annual Report of the Bank.

The fiscal year 2003 was the opportunity for a thorough deliberation as well as the starting point for a business plan designed to ensure the future and growth of the Bank. After announcing its second quarter results, the Bank began implementing a cost reduction program. In June 2003, a significant corporate restructuring reduced the Management Committee from 12 members to seven. The restructuring also led to changes in the organization structure. The Bank now has four lines of business (Retail Financial Services; Commercial Financial Services; B2B Trust; and Wealth Management and Brokerage) and four corporate sectors (Treasury and Financial Markets; Finance, Administration and Strategic Development; Human Resources; and Corporate Affairs and Secretary's Office).

In August 2003, the Bank announced a major repositioning. In the future, it will concentrate its operations in markets in which it excels and in which it holds a strategic position, namely Quebec for direct retail financial services and all of Canada for other services. The Bank thus carried out the sale to The Toronto-Dominion Bank of 57 branches located in Ontario and Western Canada. Further information about the transaction will be found on pages 37 and 75 of the Annual Report.

In December 2003, the Bank unveiled its three-year strategic repositioning plan and the related financial objectives. The details of the plan are presented on pages 10 to 15 of the Annual Report and under the heading "Segmented results by line of business" on pages 51 to 54 of the Annual Report.

Further information regarding the development of the Bank over the last three fiscal years can be found under the heading "Review of Operations" on pages 22 to 32 of the Annual Report, on pages 10 to 19 of the Bank's 2002 Annual Report and on pages 11 to 27 of the Bank's 2001 Annual Report, which are incorporated by reference herein.

Trends

Information about the trends, commitments, events and uncertainties presently known to the Bank's management and reasonably expected to have a material effect on the Bank's business can be found throughout Management's discussion and analysis of results of operations and financial condition on pages 33 to 59 of the Annual Report. In this respect, we encourage you to read the cautionary note on forward-looking statements, which is printed on the inside of the front cover of the Annual Report.

ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS

General

The Bank is a Canadian Schedule I bank, with assets under administration in excess of \$16.7 billion. The Bank's current lines of business are Retail Financial Services, Commercial Financial Services, B2B Trust, and Wealth Management and Brokerage; they are supported by four corporate sectors.

Retail Financial Services

Retail Financial Services offers a full range of savings, investment, financing and transactional products and services through its network of 154 branches (152 in Quebec and two in Ottawa, Ontario), 284 automated banking machines (281 in Quebec and three in Ontario) and a Telebanking Centre. Moreover, the *LBCDirect* electronic and Web-based services enable clients to manage their everyday banking 24 hours a day, seven days a week.

The Bank's service offer includes several products and services such as Visa credit cards, debit cards, safety deposit boxes, traveller's cheques, foreign exchange, money orders, overdraft protection, life and disability credit insurance and several highly competitive banking plans.

Besides offering a full range of personal deposit accounts, the Bank and its subsidiaries Laurentian Trust, LBC Trust and B2B Trust (all members of the Canada Deposit Insurance Corporation and registered with the Régie de l'assurance dépôts du Québec) also offer a variety of term deposits, guaranteed investments and registered plans such as RSPs, RIFs, and ESPs.

Through its subsidiary LBC Financial Services Inc. the Bank offers the R Funds (a group of mutual funds managed by BLC-Edmond de Rothschild Asset Management Inc., a joint venture affiliated with the Bank) as well as a selection of other mutual funds.

The Bank's retail credit products include a variety of personal loans, lines of credit, student loans and mortgage loans.

Furthermore, to move closer to its customers and optimize its new business development, the Bank can rely on Retail Financial Services' indirect network, which enables the Bank to offer financing and deposit services to customers through a network formed of partnerships with manufacturers, retailers, mortgage brokers, real estate brokers, builders and deposit agents.

Commercial Financial Services

Commercial Financial Services offers a variety of financial products and services to small, medium-sized and large businesses, real estate developers and farming enterprises. This line of business is active mainly in Quebec and in Ontario for business financing through nine Commercial Financing Centres and one Corporate Banking Centre. Real estate financing is conducted across Canada through six specialized centres. Agricultural financing is offered in Quebec through seven specialized centres. A subsidiary, Brome Financial Corporation, offers factoring and asset financing services mainly to Quebec and Ontario clients.

B2B Trust

B2B Trust is a regulated financial institution that is a subsidiary of the Bank and a publicly traded company based in Toronto. B2B Trust provides banking and financial products and services to

independent financial advisors, non-bank financial institutions and retailers across Canada. These products and services include investment loans, self-directed RSPs, term deposits as well as basic banking products such as savings and chequing accounts, lines of credit and debit cards.

Wealth Management and Brokerage

Wealth Management and Brokerage includes the business of BLC-Edmond de Rothschild Asset Management in the area of private and institutional portfolio management and the business of Laurentian Bank Securities Inc. in securities brokerage. The services of BLC-Edmond de Rothschild Asset Management and the retail services of Laurentian Bank Securities are currently offered mainly in Quebec. Laurentian Bank Securities also is an important player in the Canadian market in fixed income securities brokerage activities aimed at the institutional market.

Further information on the Bank's lines of business and corporate sectors can be found under the headings "Our business plan in detail" on pages 12 to 14, "Review of operations" on pages 22 to 32, "Segmented results by line of business" on pages 51 to 54 and "Segmented Information" on pages 94 and 95 of the Annual Report. Further information on the main products and services of the Bank can also be found through the Management's discussion and analysis of results of operations and financial condition on pages 33 to 59 of the Annual Report.

Competitive Conditions

The Bank competes with a large number of other financial services providers (notably, other Canadian chartered banks, trust and loan companies, *caisses populaires* and credit unions, and insurance companies) in all segments of its operations. The Bank strives to meet the banking and financial needs of individuals, businesses and independent financial advisors by offering highly competitive products and superior service quality.

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.

Employees

As at October 31, 2003, the Bank had 3,159 employees (full-time equivalent). The collective agreement governing labour relations between the Bank and the union representing some 2,000 of its professional and office employees in Quebec and Ottawa expired on June 30, 2001. On February 2, 2003, the Bank and the union accepted a mediator's recommendation to empower an arbitration board to determine the content of the next collective agreement, which will be in effect for three years. The arbitration process is now under way and its outcome should be known in the summer of 2004.

ITEM 5: SELECTED CONSOLIDATED FINANCIAL INFORMATION

Annual Information

This information can be found under the heading "Statistical Review" on pages 60 to 62 of the Annual Report. Further financial information can be found in the Consolidated Financial

Statements on pages 63 to 95 of the Annual Report and under the heading “Summary of Financial Results” on pages 35 and 36 of the Annual Report.

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

	Year ended October 31		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(\$)	(\$)	(\$)
Per common share	1.16	1.16	1.06
Per Class A Preferred Share, Series 2	5.25	7.00	7.00
Per Class A Preferred Share, Series 6 (redeemed on Nov. 26, 2001).....	N/A	N/A	2.19
Per Class A Preferred Share, Series 7	1.94	1.94	1.94
Per Class A Preferred Share, Series 8.....	1.94	1.94	1.94
Per Class A Preferred Share, Series 9 (issued on Nov. 7, 2001)	1.50	1.28	N/A

During the years specified below, B2B Trust declared the following dividends:

	Year ended October 31		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(\$)	(\$)	(\$)
Per common share.....	0.28	0.14	0

Dividends

Information regarding the Bank’s dividend payment policy can be found on page 50 of the Annual Report. B2B Trust’s dividend policy provides for a payout ratio range of 30% to 40% of net revenues to its common shareholders, although the dividends declared and paid by the B2B Trust in fiscal 2003 resulted in a payout ratio of 47%. Further information regarding B2B Trust’s dividends in fiscal 2003 can be found under the heading “Dividends” on page 11 of B2B Trust’s 2003 Annual Report.

Holders of Class A Preferred Shares of the Bank have priority over the holders of common shares of the Bank as to the right to receive dividends. Furthermore, the Bank and B2B Trust may be restricted under the *Bank Act* and under the *Trust and Loan Companies Act (Canada)*, respectively, from declaring or paying dividends in certain circumstances.

Information regarding the Bank’s dividend payment dates can be found on page 99 of the Annual Report.

ITEM 6: MANAGEMENT’S DISCUSSION AND ANALYSIS

This information can be found in Management’s discussion and analysis of results of operations and financial conditions on pages 33 to 59 of the Annual Report.

ITEM 7: MARKET FOR SECURITIES

The information regarding the market for the Bank's securities can be found in the section "Shareholder information" on page 99 of the Annual Report.

ITEM 8: DIRECTORS AND OFFICERS

As a group, the directors and executive officers of the Bank beneficially owned, directly or indirectly, or exercised control or direction over 68,282 (0.29%) common shares of the Bank and 27,500 (0.12%) common shares of B2B Trust as at January 20, 2004.

Directors

Information regarding the Bank's directors can be found on pages 18 and 19 of the Annual Report and pages 6 to 8 of the Bank's Management Proxy Circular dated January 29, 2004. 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, except as disclosed on pages 8 and 9 of the Bank's Management Proxy Circular dated January 29, 2004, which is incorporated herein by reference. Information on the committees of the Bank's Board of Directors can be found on pages 16 and 17 of the Annual Report.

Executive officers

Information regarding the Bank's executive officers can be found on page 96 of the Annual Report. The municipalities of residence of the executive officers of the Bank are:

Raymond McManus	Baie d'Urfé (QC)	Michel Gendron	Candiac (QC)
Robert Cardinal	Brossard (QC)	Luc Gingras	Saint-Bruno (QC)
André Dubuc	Outremont (QC)	Paul Hurtubise	Scarborough (ON)
Bernard Piché	Toronto (ON)	Michel Lafontaine	Dollard-des-Ormeaux (QC)
Lorraine Pilon	LaSalle (QC)	Rick C. Lane	Scarborough (ON)
Réjean Robitaille	La Prairie (QC)	André Lopresti	La Prairie (QC)
André Scott	Boucherville (QC)	Jacques Lussier	Sillery (QC)
Marcel Beaulieu	Laval (QC)	Yves Magnan	Kirkland (QC)
Chantal Bélanger	Verdun (QC)	Louis Marquis	Verdun (QC)
Luc Bernard	Longueuil (QC)	Alan McCandless	Toronto (ON)
Louise Bourassa	Montreal (QC)	Pierre Minville	Blainville (QC)
Denise Brisebois	Saint-Laurent (QC)	Marlène Otis	Montreal (QC)
François Desjardins	Longueuil (QC)	Marc Paradis	Laval (QC)
Jean-François Doyon	Saint-Lambert (QC)	Nathalie Roberge	Le Gardeur (QC)
Philippe Duby	Laval (QC)	Claude Sasseville	Montreal (QC)
Richard Fabre	Verdun (QC)	Marie-Josée Sigouin	Candiac (QC)
France Gagné	Longueuil (QC)	Alicia Zemanek	Vaudreuil-Dorion (QC)
Mario Galella	Montreal (QC)		

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 with the exception of Mr. Luc Bernard, who, prior to December 2001, was President of Osmoz Marketing and, prior to October 1999, was Vice-President, Marketing and Actuarial, at Unindal Group; Mr. Jean-François Doyon, who, prior to December 2000, was Manager, Internal Audit, at the Desjardins-Laurentian Financial Corporation and, prior to March 1999, was Manager, Internal Audit, at Banque

Nationale de Paris (Canada); Ms. France Gagné, who, prior to August 2000, was Senior Manager, Human Resources and International Compensation, at Bell Canada International and, prior to February 1999, was Senior Advisor, Compensation, at Canadian National; Mr. André Lopresti, who, prior to April 2002, was Senior Manager at Ernst & Young LLP and, prior to June 2000, was Senior Manager at Ernst & Young Audit (France); and Mr. Pierre Minville, who, prior to January 2000, was Director, Corporate Finance, Mergers and Acquisitions at BCE.

ITEM 9: ADDITIONAL INFORMATION

The Bank will provide to any person or corporation, upon written request to the 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.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Bank's securities, options to purchase securities and interest of insiders in material transactions, if applicable, is contained in the Bank's management proxy circular for its most recent annual meeting of shareholders that involves the election of directors. Additional financial information is provided in the Bank's comparative financial statements for its most recently completed financial year.