Annual Information Form

January 17, 2006

CAUTIONARY NOTE REGARDING FORWARD–LOOKING STATEMENTS

From time to time, Laurentian Bank of Canada ("the Bank") makes written and oral forward-looking statements, included in this Annual Information Form, in other documents submitted to Canadian regulatory agencies, in reports to shareholders and in other communications. These forward looking-statements include, among others, statements regarding the Bank's business and objectives for the coming years, medium- and long-term strategies to achieve these objectives and statements with respect to the Bank's beliefs, plans, expectations, anticipations, estimates and intentions. These statements typically use the conditional and words such as prospects, believe, estimate, forecast, project, should, could and would. By their very nature, forward-looking statements involve inherent risks and uncertainties, and it is possible that the forecasts, projections and other forward-looking statements will not be achieved. The Bank cautions readers against placing undue reliance on these 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. These factors include, among other things, capital market activity, changes in government monetary, economic and fiscal policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition, credit ratings, scarcity of human resources and technological changes, as well as the Bank's success at increasing revenues and managing costs related to carrying out its business plan. The Bank cautions that the foregoing list of factors is not exhaustive. The Bank does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

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Note: Unless otherwise specified, all information presented herein is as at October 31, 2005. References herein to the 2005 Annual Report are references to the 2005 Annual Report of Laurentian Bank of Canada. The 2005 Annual Report and all other documents referred to herein are available on SEDAR (www.sedar.com) and are incorporated herein by reference.

ITEM 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

This information can be found on page 103 of the 2005 Annual Report. All subsidiaries identified therein are incorporated or continued in Canada under the provisions of a federal act, except Brome Financial Corporation Inc., which is incorporated in Quebec under the provisions of an act of that province. The Bank divested itself of its participation in Brome Financial Corporation effective December 31, 2005.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three-Year History

Description of the business
The Bank is a Quebec company active in Canada which is dedicated to meeting the financial needs of its clients through the quality of its service, its simplicity and proximity. The Bank serves individuals, small and medium-sized businesses and independent advisors through its subsidiary B2B Trust. It also provides full-service brokerage services through its subsidiary Laurentian Bank Securities Inc. It is solidly established in Quebec with the third largest branch network and is an active player in carefully selected markets outside Quebec. The Bank manages balance sheet assets of more than $16 billion and assets under administration of approximately $14 billion. It has 3,180 full-time equivalent employees.

The Bank concentrates on its core business, in markets in which it excels and holds a strategic position. Its action plan is to build on its strongest points in order to ensure its profitability and growth and improve its efficiency, customer relationships and performance.

Highlights of the Last Three Years

Fiscal 2003

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

In August 2003, the Bank announced a major strategic repositioning of its operations as well as the sale of 57 branches located in Ontario and Western Canada. The purpose of this decision was to concentrate the Bank's operations in markets in which it excels and holds a strategic position, namely Quebec for direct retail financial services and all of Canada for its other services. Further information about this transaction can be found on pages 37 and 75 of the Bank's 2003 Annual Report.

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

Fiscal 2004

Fiscal 2004 was year one of the three-year plan adopted in December 2003. A period of strategic repositioning, it was marked by several initiatives. Concentrating on its new orientation, the Bank divested itself of an Ontario and Western Canada credit card loan portfolio on February 2, 2004. Further information about this transaction can be found on pages 36 and 81 of the Bank's 2004 Annual Report.

On April 15, 2004, the Bank issued 4.4 million non-cumulative Class A Preferred Shares Series 10 at a price of $25 per share for an aggregate amount of $110 million. Further information about this offering can be found on pages 48 and 87 of the Bank's 2004 Annual Report.

The privatization of the B2B Trust subsidiary was one of the milestone events of fiscal 2004. On March 10, 2004, the Bank and B2B Trust announced that the Bank had agreed to acquire, through the merger of one of its wholly owned subsidiaries and B2B Trust, all the outstanding common shares of B2B Trust that it did not already own. At the time the privatization was announced, the Bank held 77.3% of the outstanding common shares of B2B Trust. The Bank's proposal was submitted for approval by the shareholders of B2B Trust at a special meeting held on May 21, 2004, and by the relevant regulatory bodies. The transaction was completed on June 8, 2004. The common shares of B2B Trust were withdrawn from the Toronto Stock Exchange, and the company born of the merger continues to do business under the name B2B Trust. Now a wholly owned subsidiary of the Bank, it has its head office in Toronto. The details of this transaction can be found on pages 22 and 80 of the Bank's 2004 Annual Report and in the Management Information Circular for the Special Meeting of Shareholders of B2B Trust dated April 16, 2004.

As part of its efforts to recentre its business, on July 8, 2004, the Bank completed the sale of certain rights to service mutual funds in Ontario and Western Canada. Also, on July 9, 2004, the Bank sold its debit and credit card transaction processing activities. Further information about both transactions can be found on pages 36 and 81 of the Bank's 2004 Annual Report.

In order to reduce its cost of financing, on June 1, 2004, the Bank redeemed all its Series 7 Debentures for a notional amount of $100 million. On June 16, 2004, the Bank also redeemed the Preferred Shares, Series 7 and 8, for a total consideration of $102 million. Additional information about both transactions can be found on pages 36, 86 and 87 of the Bank's 2004 Annual Report.

Retail Financial Services expanded to all branches the deployment of the *Entrepreneurship* concept, a decentralized management approach that promotes the employees' role, autonomy and accountability. Also noteworthy was the launch of "Dare", a major advertising campaign, the opening of the Espresso Bank-Café and the beginning of construction work on five new branches.

For Commercial Financial Services, 2004 was marked by the setting up of satellite offices for agricultural financing and the creation of a real estate financing centre in Ottawa.

Lastly, the Bank and its subsidiaries launched a number of new products in fiscal 2004. Among other things, they introduced a Visa Gold card rewards program; developed a discount brokerage transactional platform; implemented EASE, an innovative online adjudication process for RSP loan applications; and launched the 100% Accelerator Loan, a product that gives clients access to funds in less than 24 hours.

Fiscal 2005

On December 31, 2004, the Canada Industrial Relations Board (CIRB) confirmed the agreement between the Bank and the *Syndicat des employés et employées professionnels-les et de bureau, section locale 434, SEPB-CTC-FTQ*, 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, a ten-year mutual fund distribution agreement and certain recovery clauses. 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, as at the date hereof, six new financial services boutiques had been 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. The functions of Messrs. André Scott (Commercial Financial Services) and François Desjardins (B2B Trust) remain unchanged.

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 and until the date hereof, B2B Trust has 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 and until the date hereof.

Further information about the Bank's development over the last three fiscal years can be found under the "Review of Operations" heading on pages 16 to 25 of the 2005 Annual Report, pages 18 to 26 of the Bank's 2004 Annual Report and pages 22 to 32 of the Bank's 2003 Annual Report.

ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 General

3.1.1 Markets and Competition

The Bank is a Canadian Schedule I bank with assets in excess of $16 billion and assets under administration of nearly $14 billion. It concentrates on the following markets: retail financial services; commercial financial services; securities brokerage, through its Laurentian Bank Securities subsidiary; and the distribution of products and services to financial intermediaries through its B2B Trust subsidiary.

The Bank does business in Canada. Quebec is its main geographic market, the market in which it offers all its products and services and where the Bank ranks third among financial institutions in terms of number of branches. The Bank ranks seventh among Canadian Schedule I banks. The Bank competes with a large number of suppliers of financial services—most notably the other Canadian chartered banks, trust and loan companies, credit unions and insurance companies—in all its areas of business.

The following sections present each of the Bank's lines of business. Further information about these business lines and the Bank's corporate sectors can be found under the headings "Review of Operations" on pages 16 to 25, "Segmented Information" on pages 47 to 51, and "Management's Discussion and Analysis" on pages 26 to 63 of the 2005 Annual Report.

3.1.2 The Bank's Lines of Business

3.1.2.1 Retail Financial Services

The Retail Financial Services business line distinguishes itself through the quality of its service and the unique customer experience it provides. It offers a full range of savings, investment and financing products as well as transactional products and services, mainly in Quebec, through its network of 157 branches, 313 automated banking machines and a call centre. The Bank also offers its clients electronic services that enable them to do their everyday banking 24 hours a day, seven days a week.

The service offer of the Bank's Retail Financial Services line of business includes various products and services such as savings and chequing accounts, banking packages, mortgage and personal loans, lines of credit, VISA credit cards, and foreign exchange services. Besides offering a full range of personal deposit accounts, the Bank and its subsidiaries Laurentian Trust of Canada Inc. and LBC Trust (members of the Canada Deposit Insurance Corporation and permit holders under the *Deposit Insurance Act* (Quebec)) also offer a selection of term deposits, guaranteed investments and registered savings plans such as RSPs, RRIFs and RESPs. Through its subsidiary LBC Financial Services Inc., the Bank offers mutual funds to its clients.

Through agreements with some 3,000 merchants across Canada, the line of business is also very active in point-of-sale financing. It also offers financing and deposit services to its clients through a network formed of independent mortgage brokers, real estate brokers and deposit agents.

Retail Financial Services was active last year, in particular with the opening of six financial services boutiques in the Province of Quebec, specifically in suburbs where growth is strongest. Although these new branches offer the same products and services as traditional branches, they do so in a warmer and friendlier environment. The concept of these boutique branches is unique as they provide areas for children, a library, a bistro area and an area for holding seminars. The Bank intends not only to increase the number of branches but also to upgrade the architecture of several existing branches through an optimization program. A significant portion of the branches in the network, nearly 20%, had been renovated as at the date hereof.

Exclusively among players in the banking field in Quebec, the Bank offers Western Union products and services—specifically, funds transfer and bill payment services—in its branches.

3.1.2.2 Commercial Financial Services

The Commercial Financial Services business line offers a range of financial products and services to small and medium-sized businesses, real estate developers and farm operators.

This line of business is active mainly in small and medium-sized business financing in Quebec, where it has twelve business centres, and in financing for medium-sized businesses in Ontario, where it has three business centres. Real estate financing is offered across Canada through six specialized centres and agricultural financing is offered in Quebec through seven specialized centres.

The market for business banking products is highly competitive. The Bank has been active in this field for two decades. Over the years, it has succeeded in developing an attractive market share in a competitive environment occupied by big players, and it now intends to consolidate its position in this sector.

3.1.2.3 B2B Trust

The B2B Trust line of business offers banking and financing products and services to independent financial advisors and non-bank financial institutions. These products and services include investment and RSP loans, deposit products, lines of credit, banking products and administrative services for self-directed plans.

With more than 40 distribution alliances, B2B Trust is one of the main suppliers of financial products and services to independent financial advisors in Canada. B2B Trust serves more than 14,000 financial advisors and distinguishes itself through its competitive and flexible products. The 100% Accelerator Loan, which was introduced in 2004, is one example. It is an investment product notable for its streamlined application, underwriting and funding process, which can give investors access to their funds in less than 24 hours. Also, the maximum limit for loans granted has been increased from $50,000 to $100,000.

3.1.2.4 Laurentian Bank Securities

As a result of the sale of the BLC-Edmond de Rothschild Asset Management joint venture, which was concluded on December 31, 2004, the Laurentian Bank Securities line of business (formerly Wealth Management and Brokerage) consists essentially of the subsidiary Laurentian Bank Securities.

Laurentian Bank Securities specializes in three fields, namely full-service brokerage, discount brokerage and the fixed-income institutional sector. It also acts as a carrying broker.

As at the date hereof, the full-service brokerage sector has 13 offices in Quebec and Ontario, although its services are available throughout Canada. The sector has 66 investment advisors as at the date hereof. As at October 31, 2005, the full-service brokerage had $1.4 billion in assets under management compared with $78.2 million for the discount brokerage.

Since October 2005, Laurentian Bank Securities offers M^3, a portfolio management service provided by several experienced investment teams.

3.1.3 Additional Information Relating to the Business

3.1.3.1 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 Board of Directors or its Risk Management Committee.

3.1.3.2 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.

3.1.3.3 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.

The Bank has mainly in its ranks banking and financial specialists. Its retail financial services advisors, commercial account managers and investment advisors require thorough knowledge of financial management in order to advise their clients properly. Several other positions also demand knowledge of the banking field and customer relationship skills. The sound management of a financial institution also requires reliance on experts in very specific fields, such as risk management, credit, mergers and acquisitions as well as specialists in fields essential to all businesses, such as information technology, internal audit, security, accounting, taxation, administrative operations, real estate management, legal affairs, human resources, marketing and public affairs.

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.

3.1.3.4 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.

3.1.3.5 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 an agreement with a supplier of information technology services that covers 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 productivity applications and specialized applications to an information technology consulting firm.

3.1.3.6 Business Cycle

The Bank's business generally follows economic cycles, and seasonal variation is relatively minor.

3.1.3.7 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.

3.1.3.8 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.

3.1.3.9 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 is especially involved in the health care, education and arts fields and in the community sector.

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 undertaken 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 has also undertaken to achieve 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.

3.2 Risk Factors

The information regarding the Bank's significant risk factors is presented under the "Integrated Risk Management Framework" heading on pages 53 to 57 of the 2005 Annual Report.

ITEM 4: DIVIDENDS

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

Dividends Declared			
	2005	**2004**	**2003**
	Per share ($)	Per share ($)	Per share ($)
Common shares	1.16	1.16	1.16
Class A Preferred Shares			
Series 2	-	-	5.25
Series 7	-	1.45	1.94
Series 8	-	1.45	1.94
Series 9	1.50	1.50	1.50
Series 10	1.31	0.55	-

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. In addition, the Bank is prohibited from declaring or paying a dividend in any financial year without the approval of OSFI if, on the day the dividend is declared, the total of all dividends declared by the Bank in that year would exceed the aggregate of the Bank's net income up to that day in that year and of its retained net income for the preceding two financial years.

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 conformity 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.

ITEM 5: CAPITAL STRUCTURE

5.1 General Description of Capital Structure

Information regarding the Bank's capital structure can be found on pages 43 and 44 and pages 85 and 86 of the 2005 Annual Report.

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 page 45 of the 2005 Annual Report.

Standard & Poor's

Deposits and debts Subordinated debentures	BBB BBB-	▪ BBB is the fourth highest of S&P's ten long-term credit rating categories ▪ The minus 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]	▪ BB+ is the fifth highest of S&P's ten long-term credit rating categories ▪ The plus 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]	▪ A-2 is the second highest of S&P's six short-term credit categories

DBRS (Dominion Bond Rating Service Limited)

Deposits and debts Subordinated debentures	BBB BBB (Low)	▪ 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	▪ Pfd-3 is the third of DBRS's six preferred share credit categories
Short-term instruments	R-2 (High)	▪ R-2 is the second of DBRS's four short-term credit categories ▪ The qualifier "High" means the securities should be considered as belonging in the upper echelon of the category

A security 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

A Standard & Poor's 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 Standard & Poor's 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.

As at the date hereof, DBRS's and Standard and Poor's rating outlooks were respectively "Stable" and "Negative".

ITEM 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 2004	25.65	24.60	1,960,000
December 2004	25.50	22.51	4,126,700
January 2005	24.38	23.49	1,868,200
February 2005	25.13	23.42	2,167,700
March 2005	26.38	24.90	2,574,100
April 2005	26.60	25.65	1,296,600
May 2005	27.93	26.48	1,506,300
June 2005	27.64	26.85	1,070,800
July 2005	27.25	26.75	815,300
August 2005	29.60	27.01	1,812,500
September 2005	31.50	28.75	2,738,600
October 2005	32.79	29.04	2,413,100
Total			24,349,900

Price Range and Volume Traded Laurentian Bank of Canada (Preferred Shares Series 9) Symbol: “LB.PR.D” on the TSX			
Month	**High ($)**	**Low ($)**	**Volume**
November 2004	26.88	26.10	47,800
December 2004	27.00	26.13	78,200
January 2005	27.00	26.50	87,100
February 2005	27.40	26.25	42,300
March 2005	26.50	25.80	42,800
April 2005	26.42	25.90	29,400
May 2005	26.60	26.02	29,200
June 2005	26.44	26.02	44,700
July 2005	26.65	26.06	24,400
August 2005	26.59	25.75	43,200
September 2005	26.50	26.00	94,300
October 2005	26.40	25.66	21,500
Total			584,900

Price Range and Volume Traded Laurentian Bank of Canada (Preferred Shares Series 10) Symbol: “LB.PR.E” on the TSX			
Month	**High ($)**	**Low ($)**	**Volume**
November 2004	25.68	25.00	221,200
December 2004	26.39	25.50	105,800
January 2005	26.19	25.67	88,700
February 2005	26.19	25.50	84,600
March 2005	25.69	24.82	95,900
April 2005	25.28	24.94	59,000
May 2005	25.75	25.06	74,500
June 2005	26.49	25.00	176,600
July 2005	25.79	25.10	105,300
August 2005	25.75	25.37	89,000
September 2005	25.98	24.76	109,400
October 2005	25.97	25.30	59,200
Total			1,269,200

ITEM 7: ESCROWED SECURITIES

Twenty thousand (20,000) common shares of the Bank (representing 0.08% of the issued and outstanding common shares of the Bank) are held in a trust of which Laurentian Trust of Canada is the trustee and Mr. Raymond McManus is the beneficiary. Further information can be found under the heading “Executive Compensation” in the Bank’s Management Proxy Circular dated January 17, 2006.

ITEM 8: DIRECTORS AND OFFICERS

8.1 Name, Position and Security Holding

As at December 31, 2005, the directors and executive officers of the Bank, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 76,633 common shares of the Bank (representing 0.32% of the issued and outstanding common shares of the Bank).

Directors

Information regarding the Bank’s directors and the composition of the Board’s committees can be found under the heading “Election of Directors” of the Bank’s Management Proxy Circular dated January 17, 2006, except for the information on Messrs. Ronald Corey and Gordon Ritchie, which is provided below.

Mr. Ronald Corey, O.C., resident in Westmount, Quebec, is director of the Bank since June 1st, 1994. He is President of Ronald Corey Groupe Conseil Ltée, a consulting and management company. Mr. Corey is member of the Human Resources and Corporate Governance Committee of the Bank.

Mr. Gordon Ritchie, resident in Ottawa, Ontario, is director of the Bank since March 20, 2003. He is Chairman, Public Affairs of Hill & Knowlton Canada Ltd., a public policy consulting firm. Mr. Ritchie is member of the Audit Committee of the Bank.

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 Mr. Richard Bélanger, who, prior to June 2004, was Senior Vice-President, Eastern Operations and Corporate Development, at Canfor Corporation; Mr. Ronald Corey, who, prior to May 2001, was corporate director; Mr. L. Denis Desautels, who, prior to March 2001, was Auditor General of Canada; Mr. Georges Hébert, who, prior to July 2003, was a business and management consultant; and Mr. Raymond McManus, who, prior to August 2002, was Chairman of the Board and Chief Executive Officer of Cafa Financial Corporation.

Executive Officers

Information regarding the Bank's executive officers can be found on pages 12 and 13 of the 2005 Annual Report. The municipalities of residence of the Bank's executive officers are:

Raymond McManus, Baie d'Urfé, Quebec
Robert Cardinal, Brossard, Quebec
Bernard Piché, Montreal, Quebec
Lorraine Pilon, LaSalle, Quebec
Réjean Robitaille, La Prairie, Quebec
André Scott, Boucherville, Quebec

All the directors and executive officers of the Bank are residents of Canada.

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.

8.2 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

To the knowledge of the Bank, no senior officer is at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, except for Mr. André Scott who was, but is no longer, member of the board of directors of Finamics International Inc. when it filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada).

The information with respect to cease trade orders, bankruptcies, penalties or sanctions involving directors of the Bank can be found under the heading "Election of Directors" in the Bank's Management Proxy Circular dated January 17, 2006, except for information regarding Mr. Gordon Ritchie, which is provided below.

Mr. Ritchie was, but is no longer, member of the board of directors of Laidlaw Inc. when it filed a voluntary petition under Chapter 11 of the *United States Bankruptcy Code* as well as under the *Companies' Creditors Arrangement Act* (Canada) before entering into an arrangement with its creditors.

ITEM 9: LEGAL PROCEEDINGS

Relevant information with respect to legal proceedings can be found under the "Contingencies" heading on page 99 of the 2005 Annual Report.

ITEM 10: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTONS

On March 10, 2004, the Bank and B2B Trust announced that the Bank had agreed to acquire, through the merger of one of its wholly owned subsidiaries and B2B Trust, all the outstanding common shares of B2B Trust that it did not already own. At the time the privatization was announced, the Bank held 77.3% of the outstanding common shares of B2B Trust.

The Bank's proposal was submitted for approval by the shareholders of B2B Trust at a special meeting held on May 21, 2004, and by the relevant regulatory bodies. The closing of the transaction took place on June 8, 2004. The common shares of B2B Trust have been withdrawn from the Toronto Stock Exchange, and the company born of the merger continues to do business under the name B2B Trust. Now a wholly owned subsidiary of the Bank, it has its head office in Toronto.

In compliance with the provisions of the B2B Trust Stock Option Plan then in effect, all holders of B2B Trust stock options, including the retired and former employees whose rights had not ceased accruing, saw their options completely acquired as at the transaction date. Thus, the before-tax profit realized by each holder was equivalent to the remainder of the call price paid by the Bank ($9.50 a share) less the price at which the options had been granted, multiplied by the number of options granted. In the event that the grant price was higher than the call price, the options were annulled.

Following the transaction, the B2B Trust Stock Option Plan was terminated. Further information regarding the privatization of B2B Trust and the termination of the stock option plan can be found on pages 80 and 89 of the Bank's 2004 Annual Report and on page 24 of the Management Information Circular for the Special Meeting of Shareholders of B2B Trust dated April 16, 2004.

The following information presents the before-tax profit realized by the current directors and executive officers of the Bank upon exercising their respective options in the context of the privatization of B2B Trust by the Bank:

Jean Bazin	$1,750	Bernard Piché	$44,260
Robert Cardinal	$25,000	Lorraine Pilon	$15,000
Ronald Corey	$1,750	Réjean Robitaille	$2,500
Georges Hébert	$1,750	André Scott	$22,500
Veronica S. Maidman	$1,750	Dominic J. Taddeo	$1,750
Raymond McManus	$1,750	Jonathan I. Wener	$1,750
Pierre Michaud	$1,750		

ITEM 11: 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.

ITEM 12: INTERESTS OF EXPERTS

12.1 Names of Experts

The external auditor of the Bank is Ernst & Young LLP.

ITEM 13: AUDIT COMMITTEE DISCLOSURE

13.1 Mandate of the Audit Committee

The mandate of the Audit Committee can be found in Schedule B of the Bank's Management Proxy Circular dated January 17, 2006.

13.2 Composition of the Audit Committee

The Audit Committee of the Bank is formed of:

Dominic J. Taddeo, Chair
Jean Bazin
Richard Bélanger
L. Denis Desautels
Gordon Ritchie

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

13.3 Relevant Education and Experience

Dominic J. Taddeo, B. Comm – Mr. Taddeo chairs the Bank's Audit Committee. Since 1984, he has been President and Chief Executive Officer of the Montreal Port Authority, where, prior to being appointed to his current position, he held several other positions including Director of Finance and Administration and Director of Operations.

Previously, after obtaining a bachelor's degree in commerce with a major in finance and economics, Mr. Taddeo began his career at Thorne, Riddel & Co. as an auditor. He successively held the positions of senior internal auditor and chief accountant at Pratt & Whitney Aircraft Company before holding the positions of assistant treasurer and chief controller at McLean Kennedy Inc.

Mr. Taddeo has received several honours and awards, including the title of Quebec personality of the year in the transportation field in 1989 and awards of merit from Concordia University's Faculty of Commerce and Administration and the *Ordre des administrateurs agréés du Québec.* Mr. Taddeo is also a director of several local and international associations.

The Honourable Jean Bazin, Q.C, LL.L., B. Comm – Mr. Bazin is a lawyer and a partner in 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.

An experienced administrator, Mr. Bazin has been or is a member of several boards of directors, 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 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.

Richard Bélanger, FCA – Mr. Bélanger 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., where he has also been a member of the audit committee since 1997. He also sits on the boards of directors of Daaquam Lumber Inc., Produits forestiers Anticosti inc. and InterTrade Systems Inc.

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 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 and Waterloo University and has also been appointed an Officer of the Order of Canada.

Mr. Desautels is a member of the boards of directors of Alcan Inc., Bombardier Inc. and The Jean Coutu Group (PJC) Inc. and of their audit committees, some of which he chairs.

Gordon Ritchie – Mr. Ritchie is Chairman of Public Affairs at Hill & Knowlton Canada Ltd. He has studied economics and administration at Carleton University (B.A. Economics), the *École nationale d'administration publique* (M.P.A.) and Harvard School of Business (A.M.P.).

As a trade ambassador, Mr. Ritchie was one of the main architects of the Free Trade Agreement between Canada and the United States. Mr. Ritchie also held the positions of Associate Deputy Minister of Regional Industrial Expansion (Canada) and Deputy Secretary to the Minister of State for Economic Development (Canada). He also advises various federal and provincial ministers and is frequently called on to testify as an expert before parliamentary committees.

On retiring from the government in 1988, Mr. Ritchie founded Strategico Inc., whose mission is to advise leading companies on trade and business strategies in a variety of sectors. Besides being a member of the Bank's Board of Directors, he holds a seat on the board of directors of Maple Leaf Foods Inc.

13.4 Prior Approval Policies and Procedures

At its February 24, 2005, meeting, the Audit Committee reviewed the Bank's policy regarding the services that could be provided by its external auditors. The policy specifies the prior approval procedures for non-auditing services provided by the Bank's auditors. The policy generally prohibits the Bank from hiring its auditors 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 auditors 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 auditors.

13.5 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, 2005 and 2004.

Fee category	2005 ($)	2004 ($)
Audit fees	1,798,100	1,770,100
Fees for audit-related services	212,900	63,900
Fees for tax services	18,000	-
Other fees	19,000	90,400
Total	2,048,000	1,924,400

(Some comparative figures have been reclassified based on the presentation adopted for the fiscal year concerned.)

"Audit fees" include all fees paid to 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 paid to 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 paid to 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 paid to 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.

ITEM 14: ADDITIONAL INFORMATION

Additional information relating to the Bank may be found on SEDAR (www.sedar.com) and on the Bank's web site (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 Human Resources 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.