LAURENTIAN BANK

Annual Information Form

January 16, 2007

CAUTIONARY NOTE REGARDING FORWARD–LOOKING STATEMENTS

Laurentian Bank of Canada may from time to time, in this annual information form, in other documents filed with Canadian regulatory authorities or in other communications, make forward-looking statements within the meaning of applicable securities legislation, whether written or oral, including statements regarding the business plan and financial objectives of the Bank. These statements typically use the conditional and words such as “prospects”, “believe”, “estimate”, “forecast”, “project”, “should”, “could” and “would”, etc.

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 to be inaccurate.

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. These factors include, among other things, 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.

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

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Note: Unless otherwise specified, all information presented herein is as at October 31, 2006. References herein to Annual Reports are references to the Annual Reports of Laurentian Bank of Canada. The 2006 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 104 of the 2006 Annual Report. All subsidiaries identified therein are incorporated or continued in Canada under the provisions of a federal act, except V.R. Holding Insurance Company Ltd., which is incorporated under the provisions of an act of Barbados.

ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three-Year History

Fiscal 2004
Fiscal 2004 was year 1 of the three-year plan adopted in December 2003. The details of the plan can be found on pages 10 to 15 of the 2003 Annual Report and under the heading "Segmented results by line of business" on pages 51 to 54 of the 2003 Annual Report.

Fiscal 2004 was therefore a period of strategic repositioning marked by several initiatives the goal of which was to concentrate the Bank's activities in markets in which it excels and holds a strategic position, namely Quebec for its direct retail financial services and the whole of Canada for its other services.

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 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 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 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 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 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 RRSP 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, certain recovery clauses and a mutual fund distribution agreement for an initial ten-year period ending December 31, 2014. This agreement was subsequently extended until 2016 during 2006. Further information about the transaction can be found on pages 30, 78 and 79 of the 2005 Annual Report.

Retail Financial Services launched several initiatives in fiscal 2005. Exclusive agreements were reached with Western Union Financial Services (Canada), Inc. and Société en commandite Métrocom (which manages the commercial spaces in the Montreal metro). Moreover, in the course of fiscal 2005, six new financial services boutiques 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) remained 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, 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.

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

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

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

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

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

In June 2006, Mr. Raymond McManus, President and Chief Executive Officer of Laurentian Bank, announced his decision to retire at the beginning of 2007. Mr. Réjean Robitaille was named Chief Operating Officer on June 16, 2006, putting him in line to succeed Mr. McManus. His nomination as President and Chief Executive Officer of the Bank was confirmed on November 7, 2006 and he began his new functions on December 13, 2006.

Further information about the Bank's development over the last three fiscal years can be found on pages 20 to 27 of the 2006 Annual Report, on pages 16 to 25 of the 2005 Annual Report and pages 18 to 26 of the 2004 Annual Report.

ITEM 3: NARRATIVE DESCRIPTION OF THE BUSINESS

3.1 General Description of the Business

The Bank is a Quebec banking institution operating across Canada, dedicated to meeting the financial needs of its clients through the excellence of its service, its simplicity and proximity. The Bank serves individual consumers, small- and medium-sized businesses as well as, through B2B Trust, the financial intermediary community. It also provides full-service brokerage services through its subsidiary Laurentian Bank Securities Inc. The Bank manages balance sheet assets of more than $17 billion and assets under administration of approximately $15 billion. It has more than 3,200 employees.

The following sections present each of the Bank's business lines. Further information, including financial information, about these business lines and the Bank's corporate sectors can be found on pages 19 to 27 of the 2006 Annual Report.

3.1.1 Retail Financial Services

Throughout its network of 158 branches and 325 automated banking machines, the Bank provides comprehensive financial products and services that include transaction products, mortgage solutions, loans and lines of credit, investment products such as guaranteed investment certificates, term deposits, mutual funds (through the Bank's LBC Financial Services Inc. subsidiary), registered retirement plans such as RRSPs, RRIFs and RESPs, VISA credit card products and payment cards, as well as credit insurance. The Bank also offers its clients financing services via a network made up of mortgage and real estate brokers as well as point-of-sale financing through more than 3,800 independent merchants.

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

Over the past year, the Retail Financial Services sector's branch network has continued to benefit from investments, including the opening of two new financial services boutiques in the Province of Quebec, particularly in suburbs where growth is more significant. These new branches offer the same products and services as traditional branches, but in a more warm and friendly environment. The concept behind these boutiques is unique: there are play areas for kids, a library and café corner and space to hold seminars. The Bank is not only focussed on increasing the number of branches but also with improving the architecture of several existing branches through an optimization program. Close to 25% of the branch network has been renovated to date. Furthermore, to better reflect the Bank's current image, more than 90% of the branch signs have been replaced.

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

As at October 31, 2006, the core assets of the Retail Financial Services business line, namely residential mortgages and personal loans, reached $5.4 billion and $2.3 billion respectively.

3.1.2 Commercial Financial Services

Commercial Financial Services offers a vast selection of financial products and services to small- and medium-sized businesses, as well as to companies in the real estate and agriculture sectors. The Bank stands out thanks to its competitive products and its ability to remain innovative in order to meet the multitude of business challenges its clients face, but more importantly, thanks to the quality of its service. It offers its products and services in 28 business centres in Canada (namely twelve business centres in Quebec for small- and medium-sized business financing, three business centres in Ontario for medium-sized business financing, six financing centres specialized in real estate financing across Canada and seven centres in Quebec that are specialized in agricultural financing).

Ever since the strategic repositioning begun in 2003, the business line has disposed of certain assets in the corporate financing sector in order to concentrate its efforts on markets where it has a competitive advantage, including the small- and medium-sized business market. This strategic decision has also enabled it to lower its credit risk.

The business line’s core assets, namely commercial loans and commercial mortgage loans, totalled $1.1 billion and $0.6 billion respectively as at October 31, 2006.

3.1.3 B2B Trust

B2B Trust offers superior financial products and services to financial intermediaries for distribution to their clients. B2B Trust has become a Canadian market leader by supporting the financial advisors, planners and brokers in their wealth management and financial service activities. The range of financial products and services offered by B2B Trust includes investment loans and RRSP loans, mortgage loans and lines of credit, banking products and services, self-directed registered accounts and broker deposits.

B2B Trust serves the needs of financial advisors, their brokerage firms, mutual fund issuers, life insurance companies and mortgage brokers. B2B Trust builds distribution alliances and solid business relationships with financial intermediaries to help them build their business, while respecting the privileged relationship they have with their clients. B2B Trust currently has more than 40 distribution agreements and serves more than 15,000 financial advisors across Canada.

As at October 31, 2006, the B2B Trust business line had $4.9 billion in brokered deposits, $1.5 billion in investment loans and RRSP loans, as well as $1.2 billion in mortgage loans. It also manages $5.2 billion in self-directed accounts.

3.1.4 Laurentian Bank Securities

Laurentian Bank Securities (LBS) is a full-service investment dealer that offers a complete range of investment products and services grouped under six business lines: Institutional Fixed-Income, Institutional Equity, Full-Service Brokerage, Discount Brokerage, Back Office and Immigrant Investors.

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

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

LBS has almost 70 investment advisors. Its Full-service Brokerage division has just under $2.0 billion in assets under management whereas its Discount Brokerage division has approximately $100 million.

3.1.5 Other

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

3.2 Additional Information Relating to the Business

3.2.1 Markets and Competition

The Bank is solidly established in Quebec with the third largest branch network and is an active player in carefully selected markets elsewhere in Canada. As at October 31, 2006, 38% of the Bank's total loans came from outside Quebec. The Bank ranks seventh among Canadian Schedule I chartered banks on the basis of assets.

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

3.2.2 Loans

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

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

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

3.2.3 *Product Development*

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

3.2.4 *Skills and Specialized Knowledge*

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

3.2.5 *Intangible Assets*

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

3.2.6 *Economic Dependence*

Due to the nature of its activities and resources, the Bank is highly autonomous in its operations. However, it has entered into agreements with certain suppliers who provide strategic services to it on an outsourcing basis. For example, the Bank has entered into 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 automation applications and specialized applications to certain information technology consulting firms.

3.2.7 *Business Cycle*

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

3.2.8 *Environmental Protection*

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

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

3.2.9 Reorganizations

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

3.2.10 Social Policies

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

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

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

3.3 Risk Factors

The information regarding the Bank’s significant risk factors is presented under the “Integrated risk management framework” heading on pages 48 to 53 of the 2006 Annual Report.

ITEM 4: DIVIDENDS

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

Dividends Declared			
	2006	**2005**	**2004**
	Per share ($)	Per share ($)	Per share ($)
Common shares	1.16	1.16	1.16
Class A Preferred Shares			
Series 7	-	-	1.45
Series 8	-	-	1.45
Series 9	1.50	1.50	1.50
Series 10	1.31	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 41 and 42 and pages 79 to 81 of the 2006 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 43 of the 2006 Annual Report.

Standard & Poor's (S&P)

Deposits and debts	BBB	▪ BBB is the fourth highest of S&P's ten long-term credit categories
Subordinated debentures	BBB-	▪ BBB is the fourth highest of S&P's ten long-term credit categories ▪ The sign "-" means that the securities should be considered as belonging in the lower echelon of the category
Preferred shares	BB+ [or P-3 (High) on the Canadian scale]	▪ BB+ is the fifth highest of S&P's ten long-term credit rating categories ▪ The sign "+" means that the securities should be considered as belonging in the upper echelon of the category
Short-term instruments	A-2 [A-2 on the Canadian scale]	▪ A-2 is the second highest of S&P's six short-term credit categories

Dominion Bond Rating Service Limited (DBRS)

Deposits and debts	BBB	▪ BBB is the fourth highest of DBRS's ten long-term credit categories
Subordinated debentures	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 six 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

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

DBRS	Stable
S&P	Stable

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

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

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

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 2005	31.00	28.90	2,050,000
December 2005	34.70	30.42	1,900,000
January 2006	36.06	33.92	2,330,000
February 2006	36.72	34.30	2,240,000
March 2006	35.14	31.74	2,380,000
April 2006	32.88	30.50	2,310,000
May 2006	32.79	31.05	1,270,000
June 2006	31.92	28.01	2,180,000
July 2006	30.55	28.25	1,240,000
August 2006	30.50	28.80	936,000
September 2006	29.77	28.26	1,470,000
October 2006	29.25	28.75	1,110,000
Total			21,416,000

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 2005	27.00	25.96	45,400
December 2005	26.99	26.12	50,300
January 2006	27.05	26.25	48,800
February 2006	26.99	25.65	34,700
March 2006	26.50	25.97	60,400
April 2006	26.49	25.50	38,300
May 2006	26.00	25.24	52,000
June 2006	26.18	25.26	41,000
July 2006	26.12	25.41	32,400
August 2006	26.78	25.59	38,800
September 2006	26.35	25.86	21,000
October 2006	26.48	25.91	36,600
Total			499,700

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 2005	26.10	25.30	114,600
December 2005	27.85	25.71	175,120
January 2006	26.90	25.50	100,440
February 2006	26.75	25.90	55,300
March 2006	26.75	25.46	83,200
April 2006	25.89	24.70	91,300
May 2006	25.72	24.85	97,200
June 2006	26.24	25.35	62,700
July 2006	26.40	25.20	50,700
August 2006	26.35	25.50	49,100
September 2006	26.48	25.80	61,200
October 2006	26.82	26.00	54,800
Total			995,660

6.2 Prior Sales

On January 23, 2006, the Bank issued 4.90% Series 10 subordinated debentures, maturing in January 2016, in an amount of $150 million. These debentures are not listed on a Canadian stock market.

ITEM 7: ESCROWED SECURITIES

As at October 31, 2006, twenty thousand (20,000) common shares of the Bank (representing 0.08% of the issued and outstanding common shares of the Bank) were held in a trust of which Laurentian Trust of Canada is the trustee and Mr. Raymond McManus is the beneficiary. Further information can be found under the heading "Executive Compensation" in the Bank's Management Proxy Circular dated January 16, 2007.

ITEM 8: DIRECTORS AND OFFICERS

8.1 Name, Position and Security Holding

As at December 31, 2006, the directors and executive officers of the Bank, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 91 830 common shares of the Bank (representing 0.39% of the issued and outstanding common shares of the Bank).

Directors

As at the date of this Annual Information Form, the directors of the Bank are: Ms. Lise Bastarache, Messrs. Jean Bazin, Richard Bélanger, Ms. Ève-Lyne Biron, Messrs. L. Denis Desautels, Pierre Genest, Georges Hébert, Mrs. Veronica S. Maidman, Messrs. Pierre Michaud, Carmand Normand, Réjean Robitaille, Dominic J. Taddeo and Jonathan I. Wener. Mr. Raymond McManus was a director of the Bank until December 12, 2006.

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 16, 2007, except for the information on Messrs. Raymond McManus and Dominic J. Taddeo, which is provided below.

Mr. Raymond McManus, residing in Baie d'Urfé, Quebec, was director of the Bank from April 25, 1988 to December 12, 2006. He was President and Chief Executive Officer of the Bank from August 1, 2002 to December 12, 2006. Since that date and until February 2, 2007, he acts as advisor to the Bank's President and Chief Executive Officer. Mr. McManus is not a member of any committee of the board of directors of the Bank.

Mr. Dominic J. Taddeo, residing in Kirkland, Quebec, is director of the Bank since January 22, 1998. He is President and Chief Executive Officer of the Montreal Port Authority. Mr. Taddeo is member of the Bank's Audit Committee.

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

All the directors of the Bank have held their present positions or other management positions in the same or related companies during the last five years, with the exception of Ms. Lise Bastarache who, prior to February 2005, was Regional Vice-President – Quebec, Private Banking at RBC Financial Group; Mr. Richard Bélanger, who, prior to June 2004, was Senior Vice-President, Eastern Operations and Corporate Development, at Canfor Corporation; Mr. Pierre Genest, who, prior to April 2006, was corporate director, prior to February 2006, was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.), and, prior to January 2002, was President and General Manager of SSQ Financial Group; 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.

All the directors of the Bank are residents of Canada.

Executive Officers

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

Réjean Robitaille, La Prairie, Quebec
Luc Bernard, Longueuil, Quebec
Robert Cardinal, Brossard, Quebec
François Desjardins, Toronto, Ontario
Bernard Piché, Montreal, Quebec
Lorraine Pilon, LaSalle, Quebec
André Scott, Boucherville, Quebec

Mr. Raymond McManus, residing in Baie d'Urfé, Quebec, was an executive officer of the Bank until December 12, 2006.

Information regarding the Bank's executive officers can be found on page 14 of the 2006 Annual Report.

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.

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

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). Mr. Scott held this position as a representative of the Bank in the context of an investment activity by a subsidiary of the Bank.

The information with respect to cease trade orders, bankruptcies, penalties or sanctions involving directors of the Bank or proposed nominees for election as directors can be found under the heading "Election of Directors" in the Bank's Management Proxy Circular dated January 16, 2007.

ITEM 9: LEGAL PROCEEDINGS

Relevant information with respect to legal proceedings can be found under the "Contingencies" heading on page 95 of the 2006 Annual Report.

ITEM 10: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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 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 as well as by Mr. Raymond McManus 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
François Desjardins	$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 C of the Bank's Management Proxy Circular dated January 16, 2007.

13.2 Composition of the Audit Committee

The Audit Committee of the Bank is formed of:

Richard Bélanger, Chair
Lise Bastarache
Jean Bazin
L. Denis Desautels
Dominic J. Taddeo

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

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

A chartered accountant since 1980, Mr. Bélanger was awarded the Prix Émérite and the designation "Fellow" by the Ordre des comptables agréés du Québec in May 2004. He is a member of the board of directors of Stella-Jones Inc., where he has also been a member of the audit committee since 1997. He also sits on the board of directors of InterTrade Systems Inc.

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

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

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

Mr. Bazin has been or is a member of several boards of directors of non-publicly traded companies, including the Société générale de financement du Québec, 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 also sits on the board of directors of Miranda Technologies Inc., a publicly traded company. He has also worked with several important associations in Canada and abroad, among others the Quebec-Japan Business Forum, of which he was president in 1999.

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

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

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

Dominic J. Taddeo, B. Comm – Mr. Taddeo has been President and Chief Executive Officer of the Montreal Port Authority since 1984, 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.

13.4 Prior Approval Policies and Procedures

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

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, 2006 and 2005.

Fee category	2006 ($)	2005 ($)
Audit fees	1,672,300	1,798,100
Fees for audit-related services	148,500	212,900
Fees for tax services	-	18,000
Other fees	213,500	19,000
Total	2,034,300	2,048,000

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

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

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

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

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 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.