

Annual Information Form

December 5, 2018



CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this document and in other documents filed with Canadian regulatory authorities or in other communications, we may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding our business plan and financial objectives including statements contained in our 2018 Annual Report under the heading "Outlook". The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of our financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

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

We caution readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward looking statements due to various material factors. Among other things, these factors include: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, developments with respect to labour relations, as well as developments in the technological environment. Furthermore, these factors include the ability to execute our plan and in particular the successful reorganization of retail branches, the modernization of the core banking system and the adoption of the Advanced Internal Ratings-Based Approach to credit risk (the AIRB Approach).

We further caution that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause our actual results to differ from current expectations, please also refer to the "Risk Appetite and Risk Management Framework" section of our 2018 Annual Report, as well as to other public filings available at www.sedar.com.

We do not undertake to update any forward-looking statements, whether oral or written, made by us or on our 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, 2018. References to Annual Reports are references to the Annual Reports of Laurentian Bank of Canada. All documents referred to herein are available on SEDAR (www.sedar.com) and are incorporated herein by reference. All dollar amounts are in Canadian dollars, unless otherwise stated.

1. CORPORATE STRUCTURE

Name, Address and Incorporation

Laurentian Bank of Canada (the "**Bank**") and its subsidiaries are collectively referred to herein as "Laurentian Bank Financial Group" (the "**Group**"). The Bank, a Schedule 1 chartered bank subject to the provisions of the *Bank Act* (Canada), 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 under Schedule I of the *Bank Act* (Canada).

The Bank's head office is located at 1360 René-Lévesque Boulevard West, Suite 600, Montreal, Quebec, Canada, H3G 0E5.

Intercorporate Relationships

Information about intercorporate relationships with principal subsidiaries, including place of incorporation and percentage of securities owned by the Bank, is provided in Schedule A of this Annual Information Form.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Fiscal 2018

Strategic Plan:

The Group continued building strong foundations:

- As at October 31, 2018, the Group made good progress on the implementation of the new core banking system. The program began in 2016 with the first product and account migrations occurring in November 2017 and September 2018 for B2B Bank investment loans and deposit products respectively.
- The relocation of all corporate offices in Montreal was successfully completed during the last quarter of fiscal 2018. This relocation of the corporate offices to 1360 René-Lévesque boulevard West contributes to the Group being simpler and more efficient.
- The Group continued the development towards its adoption of the AIRB approach which will allow it to manage its risk weighted assets more efficiently, resulting in better risk and capital management.

Several initiatives were undertaken during the 2018 fiscal year:

- On December 15, 2017, the Bank redeemed all of its Non-Cumulative Class A Preferred Shares Series 11 then outstanding. Such preferred shares were redeemed at a redemption price of \$25.00 per share, together with any declared and unpaid dividends.
- On January 16, 2018, the Bank announced the closing of an equity financing of 2,282,000 common shares at \$54.80 per common share for gross proceeds of \$125 million. On January 18, 2018, the Group announced that it had issued an additional 342,300 common shares at \$54.80 per common share pursuant to the exercise of the over-allotment option.

Further information on the Group's development during the 2018 fiscal year can be found on pages 14 to 69 of the 2018 Annual Report.

Fiscal 2017

Strategic Plan:

- Two years into the strategic plan, the Group had made significant progress and remained committed to an extensive modernization of its business model, which translated into streamlining its Retail Services offering and adopting a new in-branch approach.
- The Group announced, on August 29, 2017, that it would transition the branch model to focus on delivering financial advice while migrating customers to electronic- and web-based platforms. In the same vein, as of November 1, 2017, Retail Services in Quebec solely originate residential mortgages through the branch network and no longer through the mortgage broker channel.

Several initiatives were undertaken during the 2017 fiscal year:

- On October 19, 2017, the Bank redeemed all of its outstanding Series 2012-1 Medium Term Notes due October 19, 2022.
- On August 14, 2017, the Group announced the completion of its acquisition of Northpoint Commercial Finance, a leading US and Canadian inventory finance lender with approximately \$1 billion of assets on the acquisition date. This acquisition was intended to broaden the Group's Canadian offering and create a US presence. The Group also expected that it would expand its customer base to create new cross-selling opportunities, as well as strengthen the organization's position as a major player in the equipment financing sector.
- On June 22, 2017, the Bank announced the closing of an offering of 4.25 % subordinated notes (NVCC) for a total aggregate amount of \$350 million due June 22, 2017. The notes bear interest at a fixed rate of 4.25% per annum until June 22, 2022, and thereafter, at the three-month CDOR plus 2.73% per annum until maturity on June 22, 2027, unless redeemed by the Bank.
- On May 26, 2017, the Bank announced the closing of a \$206.2 million bought deal offering of subscription receipts and \$24.1 million concurrent private placement of subscription receipts. The subscription receipts were automatically converted into common shares on a one-for-one basis upon closing of the acquisition of Northpoint Commercial Finance.

Further information on the Group's development during the 2017 fiscal year can be found on pages 16 to 70 of the 2017 Annual Report.

Fiscal 2016

Strategic Plan:

- The Group announced its seven-year strategic plan with three clear objectives: to achieve an adjusted return on equity that is comparable to the Canadian banking industry, double the size of the organization (compared with October 31, 2015) and build a solid strategic foundation.
- In September 2016, the Group announced its intention to reorganize the branch network by the end of 2017. Further to that announcement, 41 branches had been merged and another 23 branches became advice-only during fiscal year 2017.

Several initiatives were undertaken during the 2016 fiscal year:

- On June 29, 2016, the Bank and CIT Group Inc. announced that they had reached a definitive agreement under which the Bank had agreed to acquire the Canadian equipment financing and corporate financing activities of CIT, a portfolio of approximately \$1 billion. On July 20, 2016, the Bank completed its bought deal offering of subscription receipts in relation with the anticipated closing of this transaction. A total of 3,247,600 subscription receipts were issued for total gross proceeds of \$155.4 million. On October 3, 2016, the Bank announced the completion of the acquisition. The equipment financing activities were regrouped under a new national subsidiary named LBC Capital Inc.
- On May 26, 2016, the Group announced that, as part of its plan to rebuild its account management platform, it had selected Temenos, a software specialist in the banking and finance area, as its new banking software provider. The Temenos platform would facilitate faster time-to-market for products and services, deliver a superior customer experience through increased automation and harness the value of the data through analytics.
- On March 17, 2016, the Bank completed a public offering of 5,000,000 Non-Cumulative Class A Preferred Shares, Series 15 at a price of \$25.00 per share for gross proceeds of \$125 million.
- On December 17, 2015, the Bank completed the issuance of 1,297,200 common shares for gross proceeds of \$67.5 million.

Further information on the Group's development during the 2016 fiscal year can be found on pages 14 to 57 of the 2016 Annual Report.

3. DESCRIPTION OF THE BUSINESS

General Description of the Business

Founded in 1846, the Group is a diversified financial services provider whose mission is to help its customers improve their financial health.

With more than 3,705 employees guided by the values of proximity, simplicity and honesty, the Group provides a broad range of advice-based solutions and services to its retail, commercial and institutional customers. With pan-Canadian activities and a presence in the U.S., it is an important player in numerous market segments.

The Group has \$46 billion in balance sheet assets and \$29 billion in assets under administration as at October 31, 2018.

Further information on the Group's clients, products, services and financial information can be found in Schedule B of this Annual Information Form as well as in the Management's Discussion and Analysis and in the Consolidated Financial Statements on pages 14 to 133 of the 2018 Annual Report.

Additional Information Relating to the Business

Markets and Competition

The financial products and services' industry has many types of competitors (notably Canadian chartered banks, foreign banks, trust and loan companies, financial services cooperatives, insurance companies, alternative financing companies, mutual fund companies, independent brokers and securities brokers, new financial start-ups, and large companies foreign to the financial sector). The Group competes with them in all its areas of business. In addition, the evolution of technologies has allowed new businesses to offer products and services that were traditionally offered exclusively by banks.

The main differentiating factors between suppliers of financial products and services are the rates and prices offered on products and services, the service-quality, the offering and flexibility of products and services, proximity, and the technology used.

The challenge is to develop a winning formula in an environment where technology and customer behaviours are rapidly evolving and in which economic and regulatory frameworks remain challenging.

Loans

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

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

All exceptions in excess of \$2.5 million to the policies' limits require the approval of the Risk Management Committee of the Board of Directors.

Product Development and Services

The Group intends to simplify banking for its customers. Our mission is to help our customers improve their financial health by combining the value of advice with the convenience of digital transactions. We are supportive of financial advice by changing the way we do business to improve the value of our products and services to our customers. Therefore, the Group continuously evaluates the relevance of its product and service offerings and performs the research necessary to ensure its optimization. Product development is mainly done internally. Drawing on the expertise of the specialists of each business segment and the marketing team, it constitutes a core and regular activity of the Group.

Skills and Specialized Knowledge

The Group firmly believes in the importance of having a fully-engaged workforce and providing opportunities that support personal and professional growth. To maintain our employees' engagement, we are constantly working on identifying tangible ways to support the advancement of their careers within the organization.

Attracting 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 Group give it access to the resources necessary for its operation. The skill of its employees is an undeniable asset for the Group.

Thanks to our Global Recognition Program, our employees' performance and dedication is recognized all year long by managers and peers.

Economic Dependence

The Group has entered into agreements with certain suppliers which provide strategic services on an outsourcing basis. The Group has entered into agreements with suppliers of information technology services that cover the processing and execution of many transactions related to its central information systems and technology infrastructure. In addition, the Group has outsourced development and maintenance activities of its office software and specialized applications to technology consulting firms.

Business Cycle

The Group's business generally follows economic cycles and seasonal variations, the latter being relatively minor. Further information thereon can be found under the heading "Analysis of the evolution of the quarterly results" on pages 28 to 30 of the 2018 Annual Report.

Environmental Protection

We consider the direct and indirect impact of climate change on the environment. At an asset level, environmental risks are evaluated by our credit management and risk management teams. Our concern for the environment is reflected in responsible business practices. Environmental risk assessment is built into the standard risk management process we follow for all credit-related activities, with the exception of certain very specific cases. For the purpose of identifying levels of potential risk, industries are grouped into three categories: high-risk, special-risk, and low-risk.

As a service provider, we consider that the vast majority of our environmental footprint is driven by emissions from the buildings we occupy and the business travels of our employees. In this regard, our B2B Bank subsidiary supports clean energy through its partnership with Bullfrog Power. Also, we are proud to have consolidated our corporate offices in Montreal into a Silver LEED-certified building in 2018.

Number of employees

The Group had 3,705 full-time equivalent employees at the end of fiscal year 2018, 1,236 of which were unionized. The majority of the unionized employees work in the Bank's branches in the Province of Quebec and certain of them are employed in corporate office in Montreal. The collective bargaining agreement expired on December 31, 2017.

Reorganizations and Changes to Management

The following changes involving the Executive Committee members occurred during the course of 2018:

- On April 30, 2018, Mr. Michel Trudeau, Executive Vice President, Capital Markets and President and Chief Executive Officer of Laurentian Bank Securities, retired. Mr. Trudeau remains on the Board of Directors of Laurentian Bank Securities as Vice-Chair.
- On May 1, 2018, Mr. François Laurin took on the additional responsibility of Capital Markets and therefore became Executive Vice President, Finance, Treasury, Capital Markets and Chief Financial Officer.

- On June 21, 2018, Ms. Deborah Rose was promoted to Chief Operating Officer. She also continues to assume the role of the Group's Chief Information Officer.
- On June 4, 2018, Mr. William Mason was appointed Executive Vice President and Chief Risk Officer in replacement of Ms. Susan Kudzman who retired on October 31, 2018.
- On August 21, 2018, Mr. Craig Backman was appointed Executive Vice President, Personal Digital Banking and President and Chief Executive Officer of B2B Bank.

No changes were made to the Executive Committee in 2016 and 2017.

Social Policies

The Group is concerned with being a good corporate citizen and contributing to the well-being of the community. The Group is committed to supporting organizations that work in the areas of health, community involvement, education, arts and youth. We also contribute to assist efforts related to environmental crises - helping Canadians recover from various natural disasters that take place.

Diversity is as important a consideration in recruiting as it is in all of the Group's activities. Our diversity plan includes initiatives aimed at continuously promoting diversity and inclusion in the workplace and closing any representation gaps. It also focuses on raising employee awareness about diversity and inclusion and monitoring progress indicators to ensure the plan's overall success.

Risk Factors

The information regarding the Bank's significant risk factors is presented under the headings "Outlook" on pages 18 to 21 and "Risk Appetite and Risk Management Framework" on pages 41 to 62 of the 2018 Annual Report and in Note 24 "Financial Instruments - Risk Management" on pages 123 and 124 of the 2018 Annual Report. Reference is also made to the "Caution Regarding Forward-Looking Statements" on page 2 of this Annual Information Form.

4. DIVIDENDS

Dividends and distributions

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

Dividends Declared			
	2018	2017	2016
	Per share (\$)	Per share (\$)	Per share (\$)
Common shares	2.54	2.46	2.36
Class A Preferred Shares			
Series 11	0.25 ^(Note 1)	1.00	1.00
Series 13	1.08	1.08	1.08
Series 15	1.46	1.46	0.73 ^(Note 2)

Note 1: Class A Preferred Shares Series 11 were repurchased on December 15, 2017. The final dividend declared in fiscal 2018 was \$0.25.

Note 2: Class A Preferred Shares Series 15 were issued on March 17, 2016. The initial dividend was \$0.36.

At its meeting held on June 1, 2016, the Board of Directors approved an increase in the quarterly dividend of \$0.02 per common share or 3% to \$0.60 per common share.

At its meeting held on December 6, 2016, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.61 per common share.

At its meeting held on May 30, 2017, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.62 per common share.

At its meeting held on December 5, 2017, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.63 per common share.

At its meeting held on June 1, 2018, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.64 per common share.

At its meeting held on December 4, 2018, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.65 per common share.

Restrictions

Restrictions to the declaration and payment of dividends are described in Note 16 "Share Capital" on pages 105 to 109 of the 2018 Annual Report.

Policy

The Bank aims to pay a dividend on its common shares that falls within the range of 40% to 50% of adjusted earnings per share¹. The Bank's common share dividend payout ratio could, however, fall outside this range when:

- Management believes the measure is necessary to ensure that capital is maintained at an optimal level for supporting the Bank's operations, while complying with regulatory requirements, for instance as a result of significant investments in technology;
- Net earnings per share is affected by the result of operations or events of a non-recurring nature;
- Net earnings per share is at an atypical level and the forecasts indicate a return of the net income per share to a normal level.

Refer to the heading "Dividends" on page 40 of the 2018 Annual Report.

5. CAPITAL STRUCTURE

General Description of Capital Structure

Information regarding the Bank's capital structure can be found under the heading "Shareholders' Equity" on page 32 and under the heading "Capital Management" on pages 36 to 40 of the 2018 Annual Report as well as in Note 16 "Share Capital" on pages 105 to 109 of the 2018 Annual Report.

The holders of common shares are entitled to one vote for each share held at all shareholders' meetings, 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 or dissolution 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.

On December 15, 2017, the Bank repurchased all of its Non-Cumulative Class A Preferred Shares, Series 11 at a redemption price of \$25.00 per share.

The characteristics of Non-Cumulative Class A Preferred Shares, Series 13 and Series 14, can be found in the prospectus supplement dated March 27, 2014 relating to the short form base shelf prospectus dated October 10, 2012, and more specifically on pages S-6 to S-14.

The characteristics of Non-Cumulative Class A Preferred Shares, Series 15 and Series 16, can be found in the prospectus supplement dated March 10, 2016 relating to the short form base shelf prospectus dated November 10, 2014, and more specifically on pages S-7 to S-15.

¹ In this part, the Bank uses adjusted financial measures that are non-generally accepted accounting principles (GAAP). These non-GAAP measures are used by management to assess the Bank's performance. The Bank's non-GAAP measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. These non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other issuers. For reconciliation to GAAP measures, please refer to page 16 of the Annual Report.

Constraints

The *Bank Act* contains restrictions on the issue, transfer, acquisition and beneficial ownership of shares of a chartered bank. By way of summary, no person, or persons acting jointly or in concert, shall be a major shareholder of a bank if such bank has equity of \$12 billion or more. While the equity of the Bank is less than \$12 billion and the *Bank Act* would otherwise permit a person to own up to 100% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of \$12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank. For purposes of the *Bank Act*, a person is a major shareholder of a bank where: (i) the aggregate number of shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate number of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares.

No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the *Bank Act*, a person has a significant interest in a class of shares of a bank where the aggregate number of shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

In addition, the *Bank Act* prohibits banks, including the Bank, from transferring or issuing shares of any class to Her Majesty in right of Canada or of a province, an agent of Her Majesty, a foreign government or an agent of a foreign government.

Ratings

Information regarding the ratings assigned by credit rating agencies can be found in the following tables below and under the heading "Credit Ratings" on page 56 of the 2018 Annual Report.

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

The Bank made, or reasonably will be making payments to the rating agencies mentioned below in connection with the assignment of ratings. In addition, the Bank has made payments in respect of certain other services provided by each of such rating agencies during the last two years.

Standard & Poor's (S&P)

Long-term deposits and debt	BBB Negative Outlook	<ul style="list-style-type: none">▪ The BBB rating is ranked fourth of S&P's ten long-term rating categories.▪ An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.▪ The absence of any sign "+" or "-" means the rating is ranked in the middle of the category.
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Subordinated debt NVCC (Non Viability Contingent Capital)	BB+ Negative Outlook	<ul style="list-style-type: none"> ▪ The BB rating is ranked fifth of S&P's ten long-term rating categories. ▪ An obligation rated "BB" is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. ▪ The sign "+" means that the securities should be considered as belonging in the higher echelon of the category.
Preferred shares NVCC (Non Viability Contingent Capital)	BB- [P-3 (Low) on the Canadian scale] Negative Outlook	<ul style="list-style-type: none"> ▪ The BB rating is ranked fourth of the nine categories used by S&P in its global preferred share scale. The P-3 rating is ranked third of the eight categories used by S&P in its Canadian preferred share rating scale. ▪ A share rated "BB" [or P-3 under the Canadian Scale] is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on this share. ▪ The sign "-" or the designation of "(low)" means that the share should be considered as belonging in the lower echelon of the category.
Short-term instruments	A-2 [A-2 on the Canadian scale] Negative Outlook	<ul style="list-style-type: none"> ▪ The A-2 rating is the second highest of six rating categories used by S&P in its global short-term obligations rating scale and is ranked fourth of eight rating categories used by S&P in its Canadian short-term obligations rating scale. ▪ An obligation rated "A-2" indicates that the obligor's capacity to meet its financial commitment on the obligation is satisfactory. However, the obligation is slightly more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories.

On June 28, 2018, S&P's confirmed the Bank's ratings, but said the ratings are associated with a "negative" outlook.

An 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.

DBRS Limited (DBRS)

Long-term deposits and debt	A (Low) Negative Trend	<ul style="list-style-type: none"> The A rating is ranked third of DBRS's ten long-term rating categories. An obligation rated "A" is good credit quality. The obligor's capacity for the payment of financial obligations is considered substantial. An obligation rated A may be vulnerable to future events, but qualifying negative factors are considered manageable. The "(Low)" designation means the securities should be considered as belonging in the lower subcategory of the category.
Subordinated debt NVCC (Non Viability Contingent Capital)	BBB (low) Negative Trend	<ul style="list-style-type: none"> The BBB rating is ranked fourth of DBRS's ten long-term rating categories. An obligation rated "BBB" is of adequate credit quality. The obligor's capacity for the payment of financial obligations is considered acceptable. An obligation rated BBB may be vulnerable to future events. The "(Low)" designation means the securities should be considered as belonging in the lower subcategory of the category.
Preferred shares NVCC (Non Viability Contingent Capital)	Pfd-3 Negative Trend	<ul style="list-style-type: none"> The Pfd-3 rating is ranked third of DBRS's six preferred shares rating categories. Preferred shares rated "Pfd-3" are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuer is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. The absence of either a "(High)" or "(Low)" designation indicates the rating is in the middle of the category.
Short-term instruments	R-1 (Low) Stable trend	<ul style="list-style-type: none"> The R-1 rating is ranked first of DBRS's six short-term rating categories. An obligation rated "R-1" is of good credit quality. The obligor's capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating categories. The obligor may be vulnerable to future events, but qualifying negative factors are considered manageable. The "(Low)" designation means the securities should be considered as belonging in the lower subcategory of the category.

On December 11, 2017, DBRS confirmed that the rating trends of the Bank were "Negative".

Rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories: "Positive", "Stable", or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. A positive or negative trend is not an indication that a rating change is imminent. Generally, the conditions that lead to the assignment of a negative or positive trend are resolved within a 12 month period.

6. MARKET FOR SECURITIES

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 2017	60.520	57.760	1,741,660
December 2017	62.900	54.900	7,704,341
January 2018	56.880	52.640	7,885,827
February 2018	53.620	50.800	4,424,613
March 2018	50.980	46.570	7,487,360
April 2018	49.940	46.640	3,746,837
May 2018	49.920	44.600	5,766,580
June 2018	48.080	44.510	7,548,302
July 2018	46.780	44.840	3,713,199
August 2018	48.410	46.410	5,318,726
September 2018	45.160	42.155	9,323,131
October 2018	42.890	40.250	5,428,680
Total			70,089,256

Price Range and Volume Traded			
Laurentian Bank of Canada			
(Preferred Shares Series 11)			
Symbol: "LB.PR.F" on the TSX			
Month	High (\$)	Low (\$)	Volume
November 2017	25.240	25.000	822,920
December 2017	25.240	24.980	834,114
Total			1,657,034

Price Range and Volume Traded

Laurentian Bank of Canada
(Preferred Shares Series 13)
Symbol: "LB.PR.H" on the TSX

Month	High (\$)	Low (\$)	Volume
November 2017	23.210	22.460	174,215
December 2017	23.300	22.180	60,012
January 2018	25.000	23.350	302,819
February 2018	24.500	23.530	110,716
March 2018	23.830	23.240	29,354
April 2018	23.510	22.050	46,950
May 2018	23.450	22.300	33,245
June 2018	23.470	21.810	28,679
July 2018	22.010	21.420	46,772
August 2018	22.390	21.550	101,990
September 2018	22.240	21.600	51,561
October 2018	21.860	20.190	229,508
Total			1,215,821

Price Range and Volume Traded

Laurentian Bank of Canada
(Preferred Shares Series 15)
Symbol: "LB.PR.J" on the TSX

Month	High (\$)	Low (\$)	Volume
November 2017	26.990	26.400	51,544
December 2017	26.960	26.170	44,549
January 2018	26.830	26.200	49,875
February 2018	26.450	25.920	74,065
March 2018	26.500	25.825	161,317
April 2018	26.150	25.720	50,106
May 2018	26.420	25.750	242,767
June 2018	26.390	25.640	56,742
July 2018	26.340	25.730	51,911
August 2018	26.490	26.090	80,405
September 2018	26.460	25.800	26,872
October 2018	26.160	25.520	31,786
Total			921,939

7. DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

As at October 31, 2018, the directors and executive officers of the Bank, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 52,234 common shares of the Bank (representing 0.12% of the issued and outstanding common shares of the Bank).

Directors

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

Name	Place of residence	Director since	Principal occupation in the last five years
Lise Bastarache	Quebec, Canada	2006	Economist and corporate director
Sonia Baxendale	Ontario, Canada	2016	Corporate Director
Michael T. Boychuk	Quebec, Canada	2013	Corporate Director
Gordon Campbell	Ontario, Canada	2016	Corporate Director
Isabelle Courville (Chair of the Board)	Quebec, Canada	2007	Corporate Director
François Desjardins	Ontario, Canada	2015	President and Chief Executive Officer, Laurentian Bank of Canada
Michel Labonté	Quebec, Canada	2009	Corporate Director
Michel Lavigne	Quebec, Canada	2013	Corporate Director
David Morris	Québec, Canada	2017	Corporate Director
Michelle R. Savoy	Ontario, Canada	2012	Corporate Director
Susan Wolburgh Jenah	Ontario, Canada	2014	Corporate Director

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

All the directors have held their present occupations during the last five years, with the exception of Mr. Michael T. Boychuk who, prior to July 2015, was President of Bimcor Inc.; Mr. Gordon Campbell who, prior to September 2016, was Canada's High Commissioner to the United Kingdom and Northern Ireland; Ms. Susan Wolburgh Jenah who, prior to November 2014, was President and Chief Executive Officer of Investment Industry Regulatory Organization of Canada (IIROC); and Mr. Morris who, prior to May 2016, was a senior partner at Deloitte.

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

Committees	Members
Audit	Michael T. Boychuk (Chair), Lise Bastarache, Gordon Campbell and David Morris.
Risk Management	Michel Labonté (Chair), Sonia Baxendale, Michael T. Boychuk, Michelle R. Savoy and Susan Wolburgh Jenah.
Human Resources and Corporate Governance	A. Michel Lavigne (Chair), Isabelle Courville, Michel Labonté and Michelle R. Savoy.

Executive Officers

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

Name	Position	Place of Residence
François Desjardins	President and Chief Executive Officer	Ontario, Canada
François Laurin	Executive Vice-President, Finance, Treasury, Capital Markets and Chief Financial Officer	Quebec, Canada
Craig Backman	Executive Vice-President, Personal Digital Banking President and Chief Executive Officer, B2B Bank	Ontario, Canada
William Mason	Executive Vice-President and Chief Risk Officer	Ontario, Canada
Deborah Rose	Executive Vice-President, Chief Operating Officer and Chief Information Officer President and Chief Executive Officer, LBC Tech Inc.	Ontario, Canada
Stéphane Therrien	Executive Vice-President, Personal and Commercial Banking President and Chief Executive Officer, LBC Financial Services Inc.	Quebec, Canada

All the Executive Officers of the Bank have held their present positions or other management positions during the last five years, with the exception of:

- Mr. François Laurin who was, from January 2015 to August 2015, Chief Financial Officer of Bio Amber Inc. Prior to January 2015, he was Chief Financial Officer of Alderon Iron Ore Corp.
- Mr. Craig Backman who was, prior to August 2018, Vice-President Digital - Canada of TD Bank. He was, from August 2015 to October 2017, Vice-President Digital Channel - Canadian Banking, Auto Finance, Wealth & Insurance of TD Bank. He was, from November 2013 to July 2015, Vice-President Digital Channel, Canadian Banking, Auto Finance & Wealth of TD Bank, and from April 2013 to October 2013, Vice-President, Digital Channel Planning, Wealth and Investing of TD Bank.
- Mr. William Mason who was, from 2016 to 2018, a Managing Director and Lead Supervisor at the Office of the Superintendent of Financial Institutions (OSFI). Prior to this, he held a variety of senior banking roles in Canada and the U.S., including more recently Senior Vice-President, Head of Asset Liability Management and Senior Vice-President, Risk Management at Canadian Imperial Bank of Commerce.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Based on information provided by Mr. Michael T. Boychuk, he was a director of Yellow Media Inc. when the corporation announced a recapitalization on July 23, 2012. The recapitalization was implemented and became effective on December 20, 2012 and was implemented in accordance with a court approved plan of arrangement under the *Canada Business Corporations Act*.

Based on information provided by Ms. Michelle R. Savoy, she was serving as a director of 2172079 Ontario Inc., a private company operating a franchise restaurant, when the company initiated creditor protection proceedings under section 49 of the *Bankruptcy and Insolvency Act* (Canada) on December 3, 2013.

Based on information provided by Mr. A. Michel Lavigne, he was imposed an administrative monetary penalty of \$20,000 by the Financial Markets Administrative Tribunal, which found that the directors of NSTEIN Technologies inc. (NSTEIN), a reporting issuer, had executed a securities transaction by adopting a Board resolution granting NSTEIN stock options to its officers as well as to certain other employees of this reporting issuer while in possession of privileged information. This ruling by the Tribunal was appealed to the Court of Quebec on September 14, 2016. On October 19, 2017, the Court of Quebec dismissed an application for inadmissibility due to prescription of the appeal instituted against the directors of NSTEIN. On February 26, 2018, the Court of Quebec dismissed the appeal on the merits. On December 5, 2017, the Court of Appeal

agreed to hear the appeal on the judgment of the Court of Quebec dismissing the application for inadmissibility. On April 13, 2018, the Court of Appeal agreed to hear the appeal on the merits. The date for the hearing of the appeal has not been determined.

8. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Relevant information with respect to legal proceedings involving the Bank can be found in Note 29 “Commitments, Guarantees and Contingent Liabilities” on pages 129 to 131 of the 2018 Annual Report.

9. 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 Canton, Massachusetts, United States.

10. MATERIAL CONTRACTS

A purchase and sale agreement was entered into on May 18, 2017, pursuant to which the Bank agreed to acquire, through its wholly-owned subsidiary LBC Capital Inc., Northpoint Commercial Finance, a leading US and Canadian inventory finance lender, with a portfolio valued at approximately \$1 billion. The closing of the acquisition took place on August 11, 2017.

The Bank entered into a share purchase agreement with CIT Financial Ltd. on June 29, 2016, pursuant to which the Bank agreed to acquire the Canadian equipment financing and corporate financing activities of CIT, including a portfolio of approximately \$1 billion. The closing of the acquisition took place on October 1, 2016.

An agreement was entered into on October 14, 2011 between the Bank and Mackenzie Investments for the distribution of Mackenzie Mutual Funds. According to the terms of the agreement, the Bank’s wholly-owned subsidiary LBC Financial Services, as principal distributor, offers a family of Mackenzie funds as of mid-January 2012.

These material contracts are available on SEDAR (www.sedar.com).

11. INTERESTS OF EXPERTS

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

12. AUDIT COMMITTEE DISCLOSURE

Mandate of the Audit Committee

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

Composition of the Audit Committee

The Audit Committee of the Bank is formed of:

Michael T. Boychuk, Chair
Lise Bastarache
Gordon Campbell
David Morris

According to the evaluation made by the Human Resources and Corporate Governance Committee, each member of the Audit Committee is independent and financially literate within the meaning of *National Instrument 52-110 - Audit Committees*.

Relevant Education and Experience

Michael T. Boychuk, FCPA, FCA - Mr. Boychuk is a Corporate Director. From July 2009 until his retirement in June 2015, he was President of Bimcor Inc., the pension fund investment manager for the Bell Canada group of companies. From 1999 to 2009, Mr. Boychuk was Senior Vice-President and Treasurer of BCE Inc./ Bell Canada, responsible for all treasury, corporate security, environment and sustainability activities and of the BCE Group of companies pension plans.

Mr. Boychuk is a chartered professional accountant since 1979 and became a Fellow of the Ordre des comptables professionnels agréés du Québec in 2012. He is a member of the Board of Governors of McGill University, has served on its Audit Committee since 2006 and has acted as Chair of said committee since 2012. He also serves on the International Advisory Committee of McGill University's Faculty of Management. Mr. Boychuk is a member of the Board of Directors and Audit committee of Cadillac Fairview Corporation since January 2017. Mr. Boychuk is a member of the Board of Directors and Chair of the Audit Committee of GDI Integrated Facility Services inc. since May 2015 and member of the Board of Directors and Audit Committee of Telesat Canada since July 2015. He also acted as member of the Board of Directors and Chair of the Audit Committee of Yellow Media Inc. from 2004 to 2009 and from January to December 2012.

Mr. Boychuk is a member of the Board of Directors and of the Audit Committee of the Bank since August 30, 2013 and is Chair of the Audit Committee since June 15, 2016. He is also a member of the Risk Management Committee of the Bank.

Lise Bastarache - Ms. Bastarache is a Corporate Director and Economist. Ms. Bastarache holds a Bachelor's and a Master's degree in Economics from Université du Québec à Montréal and has completed the course requirements of a Ph.D. in Economics at McGill University.

She was, until January 2005, Québec Regional Vice-President of RBC Private Banking. She joined the Economics Department of RBC Financial Group in 1996, where she acted as Deputy Chief Economist before joining the Commercial Markets Group as Analyst in 2000. As a Commercial Markets Analyst for RBC Financial Group, she had the opportunity to review the financial statements of numerous large corporations. Moreover, in her capacity as Québec Regional Vice-President of RBC Private Banking, Ms. Bastarache bore the ultimate responsibility of internal controls and the process of preparation of her division's earnings statement.

Ms. Bastarache is a member of the Board of Trustees and a member of the Audit Committee of Chartwell Retirement Residences since 2005. She also acted as member of the Board of Directors and Audit Committee of Groupe Jean Coutu (PJC) inc. from 2003 to 2018, a member NB Power's Board of Directors from 2004 to 2007 as well as member of Université de Moncton's Board of Governors and Chair of its Finance Committee from 2004 to 2013.

Ms. Bastarache was a member of the Audit Committee of the Bank from 2006 to 2008 and has been from April 2015 to date.

Gordon Campbell, B.A., M.B.A. - Mr. Campbell is a Corporate Director. He was Canada's High Commissioner to the United Kingdom and Northern Ireland from September 2011 to September 2016. Prior to that appointment, he was Premier of the Province of British Columbia for almost 10 years. He also served as leader of the Opposition in British Columbia from 1994 to 2001. Prior to that, Mr. Campbell was the Mayor of Vancouver for 7 years and the Chairperson of the Greater Vancouver Regional District (now called Metro Vancouver) from 1990 to 1993. Before his election as Mayor, he ran his own development company, Citycore Development Corporation. He was also General Manager of Development for Marathon British Columbia where he worked from 1976 to 1981.

Mr. Campbell has experience in establishing regulatory policy in the public realm and he was responsible for the reestablishment of British Columbia's AAA credit rating in 2004. He was recognized for his fiscal prudence by the Fraser Institute who rated him Canada's best fiscal manager among Premiers in October 2010 in their "Measuring the Fiscal Performance of Canada's Premiers". As Canada's High Commissioner to the United Kingdom, he led the redevelopment of Canada House which reduced operating costs and brought together all Canada's Diplomatic activities under one roof for the first time in 50 years. He returned over \$300 million to the government as a result of the Canada House project.

Mr. Campbell received a B.A. from Dartmouth College in Hanover, N.H., U.S.A. and an M.B.A. from Simon Fraser University in Burnaby, British Columbia.

Mr. Campbell has been appointed member of the Audit Committee of the Bank as of December 6, 2016.

David Morris, CPA, CA - Mr. Morris is a Corporate Director. He is a chartered professional accountant since 1975. He worked at Deloitte from 1975 until his retirement as a senior partner in 2016. He graduated from McGill University. He has extensive experience auditing global financial institutions and public companies and has worked closely with senior management of these companies as well as with audit committees on a number of special engagements relating to mergers and acquisitions' due diligence and complex transactions.

Mr. Morris has a strong background with U.S. SEC registrants including internal controls over financial reporting. He has been an advisor to senior management and directors throughout his career.

Mr. Morris has been appointed member of the Audit Committee of the Bank as of October 31, 2017.

Pre-Approval Policy

The Bank has adopted a policy governing the services that can be provided by its external auditor. The policy, which applies to the Bank and its subsidiaries, specifies the pre-approval procedures by the Bank's Audit Committee of audit services, as well as other permissible non-audit services such as consultation regarding accounting standards and financial disclosure, taxation services and translation services. The policy generally prohibits the Bank from hiring its external auditor to provide certain non-audit services such as services related to bookkeeping and the preparation of financial statements, the design and implementation of financial information systems, business or asset valuation, actuarial valuation, and internal audit or

management functions. In addition, the policy sets out various restrictions on the hiring and of personnel who have worked for the external auditor.

External Auditor Service Fees

The following table presents by category the fees billed by the external auditor Ernst & Young LLP for the fiscal years ended October 31, 2018 and 2017.

Fee category	2018 (\$)	2017 (\$)
Audit fees	3,013,000	2,722,000
Fees for audit-related services	1,039,000	508,000
Fees for tax services	65,000	265,000
Other fees	45,000	82,000
Total	4,160,000	3,577,000

“Audit fees” include all fees of Ernst & Young LLP for the audit of the annual consolidated financial statements, examination of the interim financial statements and the statutory audits of financial statements of subsidiaries. Audit fees also include consultations concerning financial accounting and reporting, submissions related to prospectus and other offering documents and translation services related to audited financial statements and prospectuses.

“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, which are mainly services related to the production of reports concerning the effectiveness of internal controls for contractual or commercial purposes, specified procedures related to various trusts and other entities required in the context of securitization of mortgage loans receivables and translation fees for services other than for audited financial statements and prospectuses. Services for 2018 also include specified procedures performed with regard to the Bank’s detailed review of its securitized mortgage loan portfolio and portfolio insured mortgages.

“Fees for tax services” include all fees of Ernst & Young LLP for tax-related advice other than the time devoted to the audit or review of income taxes related to financial statements.

“Other fees” include all fees of Ernst & Young LLP for all services other than those mentioned above.

13. ADDITIONAL INFORMATION

Additional information relating to the Bank may be found on SEDAR (www.sedar.com).

Additional information, including directors' and officers' compensation 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 Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Bank's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year.

Copies of this Annual Information Form, of the 2018 Annual Report and of the latest Management Information Circular can be obtained from the Corporate Secretariat's Office of the Bank, at 1360 René-Lévesque boulevard West, Suite 600, Montreal, Quebec, H3G 0E5.

SCHEDULE A SUBSIDIARIES OF THE BANK

As at October 31, 2018 ⁽¹⁾	HEAD OFFICE LOCATION	JURISDICTION
CORPORATE NAME		
B2B Bank	Toronto, Canada	Canada
B2B Bank Financial Services Inc.	Toronto, Canada	Ontario
B2B Bank Securities Services Inc.	Toronto, Canada	Ontario
B2B Bank Intermediary Services Inc.	Toronto, Canada	Ontario
B2B Trustco	Toronto, Canada	Canada
B2B Securitization Inc.	Toronto, Canada	Canada
B2B Securitization Limited Partnership	Toronto, Canada	Ontario
Laurentian Bank Insurance Inc.	Montreal, Canada	Canada
Laurentian Bank Securities Inc.	Montreal, Canada	Canada
Laurentian Capital (USA) Inc.		Canada
Laurentian Trust of Canada Inc.	Montreal, Canada	Canada
LBC Capital Inc.	Burlington, Canada	Canada
LBEF Inc.	Burlington, Canada	Canada
LBEL Inc.	Burlington, Canada	Canada
LBC Capital GP Inc.	Burlington, Canada	Canada
LBC Leasing Limited Partnership	Burlington, Canada	Ontario
Northpoint Commercial Finance Canada Inc.	Burlington, Canada	Canada
NCF International S.à r.l.	Luxembourg, Luxembourg	Luxembourg
NCF Commercial Finance Holdings Inc.	Delaware, United States	Delaware
NCF Financing LLC	Delaware, United States	Delaware
Northpoint Commercial Finance Inc.	Delaware, United States	Delaware
Northpoint Commercial Finance LLC	Delaware, United States	Delaware
LBC Financial Services Inc.	Montreal, Canada	Canada
LBC Investment Management Inc.	Montreal, Canada	Canada
V.R. Holding Insurance Company Ltd	St. James, Barbados	Barbados
VRH Canada Inc.	Montreal, Canada	Canada
LBC Tech Inc.	Toronto, Canada	Ontario
LBC Trust	Montreal, Canada	Canada

(1) The Bank directly or indirectly controls each subsidiary.

SCHEDULE B
Profile of activities as at October 31, 2018

Clients	Retail	Business	Institutional
Profile	Advisory services in branches Private banking Investment securities services Advisory services through independent brokers and advisors	Commercial banking Equipment financing Real estate financing	Research market analysis and advisory services Corporate underwriting for debt and equity Administrative services Bare trustee
Employees	Total of 3,705 full-time equivalent employees, of which 1,236 are covered by a collective bargaining agreement that expired on December 31, 2017.		

SCHEDULE C

MANDATE OF THE AUDIT COMMITTEE

1. Constitution

The Audit Committee (in this mandate, also referred to as the “Committee”) is constituted by the Board of Directors in order to support it in exercising its oversight, communication and disclosure functions.

The Committee reviews its mandate annually.

2. Appointment and Membership

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

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

3. Compensation

The members of the Committee receive the compensation for their services established by resolution of the Board.

4. Meetings

The Committee meets at least once every quarter.

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

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

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

5. Quorum

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

6. Chair

As designated by the Board of Directors, the Committee Chair chairs the Committee meetings. In the Chair’s absence, the members present may elect a Chair *pro tempore* from among themselves.

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

7. Procedure

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

8. Powers of the Committee

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

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

9. Secretary

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

10. Functions

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

10.1 Oversight Functions

With respect to the external auditor:

- 10.1.1 Recommend the appointment or dismissal of the external auditor to the Board.
- 10.1.2 Ensure the external auditor's competence, independence, and the adequacy of its resources, review and, if applicable, approve the scope of its mission and letter of engagement, and recommend its compensation to the Board.
- 10.1.3 Ensure the competence and independence of the audit firm's partner in charge of the Bank's account, and ensure a periodic rotation of that person.
- 10.1.4 Approve the external audit plan and ensure that the scope is appropriate, risk-based, and that it addresses major areas of concern.
- 10.1.5 Approve the external auditor's oversight policy.
- 10.1.6 Approve the policy on approval of services provided by the external auditor (including non-audit-related services) and regarding the hiring of partners, employees and former partners and employees of external auditors.
- 10.1.7 Determine if a periodic comprehensive evaluation of the external auditor is necessary.
- 10.1.8 Disclose the results of the external auditor's annual evaluation, as well as the processes and criteria used to arrive at that evaluation.

With respect to financial reporting:

- 10.1.9 Oversee the integrity and quality of financial statements and ensure that the institution's accounting practices are prudent and appropriate.
- 10.1.10 Discuss the quality of financial statements with the external auditor and ensure that the financial statements fairly present the Bank's financial situation, results, and cash flows.
- 10.1.11 Discuss the audit results, financial statements and related documents, audit report and any related concern of the external auditor with Management and the external auditor.
- 10.1.12 Hold regular meetings with the external auditor (without the presence of Management) to understand all issues that may have been discussed during meetings between the auditor and Management in the course of the audit and how those issues were resolved,

as well as to determine the extent to which accounting practices being used by the Bank are appropriate relative to the importance of the issue.

- 10.1.13 Review the external auditor's recommendation letter which follows the annual audit and the corresponding follow-ups, significant changes to accounting practices, the main value judgments on which the financial reports are based, and how these reports are drafted.
- 10.1.14 Review the annual and interim financial statements, management reports and the press releases regarding annual and interim results, the annual information form, as well as any statement required by regulatory authorities prior to their publication and recommend their adoption by the Board.
- 10.1.15 Review prospectuses relating to the issuance of securities of the Bank.
- 10.1.16 Examine all investments and transactions likely to undermine the Bank's financial situation that are reported by the external or internal auditor or an officer, including loans referred to in Section 328 of the Bank Act, and meet with the external auditor to discuss them.
- 10.1.17 Recommend the declaration of dividends to the Board and review the related press release.
- 10.1.18 Review the annual financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions (Canada) and recommend their adoption by the Board of Directors for each of the subsidiaries.
- 10.1.19 If applicable, review and approve transfers of tax between the Bank and its subsidiaries.
- 10.1.20 Review and approve the financial statements of the pension plans offered by the Bank to its employees.

With respect to the internal audit function:

- 10.1.21 Approve the charter of the internal audit function.
- 10.1.22 Approve the selection and ensure the competence and independence of the officer in charge of internal audits.
- 10.1.23 Ensure that internal audit activities have a sufficient status, degree of independence and visibility, and that they are subject to periodic reviews.
- 10.1.24 Approve the internal audit plan and ensure that its scope is appropriate, risk-based, that it addresses major areas of concern, and that it is reviewed with appropriate frequency.
- 10.1.25 Discuss the material findings and recommendations with the officer in charge of internal audits, and follow up on them.
- 10.1.26 Periodically review the performance of the officer in charge of internal audit.

With respect to internal controls:

- 10.1.27 Ensure that Management implements appropriate internal controls and management information systems; review, assess and approve such systems, and ensure their integrity and effectiveness, including the elements comprised in any certification required by regulations.
- 10.1.28 Meet with the external auditor, the officer in charge of internal audits and Management to discuss the effectiveness of the implemented internal control and management information systems and the measures taken to rectify any material weaknesses and deficiencies.
- 10.1.29 Ensure that Management implements procedures regarding the receipt, retention and handling of complaints received with respect to accounting and internal accounting or

audit controls, as well as regarding anonymous submissions by employees on questionable accounting or audit matters.

- 10.1.30 Approve the policy on the handling of complaints and comments about suspicious accounting activities and ensure that the policy is respected.

With respect to supervisory agencies:

- 10.1.31 Meet with regulatory authorities, discuss their findings and recommendations, and follow up on them.

10.2 Communication and Disclosure Functions

- 10.2.1 Approve the way by which shareholders and other stakeholders can communicate with the Bank.
- 10.2.2 Ensure that adequate procedures are in place to examine the communication of financial information to the public excerpted or derived from financial statements.
- 10.2.3 Recommend to the Board of Directors that it approves the financial information disclosure policy and ensure that the policy is respected.
- 10.2.4 Report to shareholders on the Bank's performance.

11. **Reporting**

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

The Committee also reports yearly on its activities to shareholders through the Bank's Management Proxy Circular.