

Annual Information Form

December 4, 2019



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 may include, but are not limited to, statements regarding our business plan and financial objectives including statements contained in our 2019 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 are identified with words or phrases such as "believe", "estimate", "forecast", "project", "expect", "anticipate", "plan", "goal", "target", "may", "should", "could", "would", "will", "intend" or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, both general and specific in nature. There is significant risk that the predictions, forecasts, projections or conclusions will prove to be inaccurate, that our assumptions may not be correct, and that actual results may differ materially from such predictions, forecasts, projections or conclusions.

We caution readers against placing undue reliance on forward-looking statements, as a number of factors, many of which are beyond our control and the effects of which can be difficult to predict, could cause our actual results to differ materially from the targets, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions; changes in government monetary, fiscal or economic policies; changes in currency and interest rates; legislative and regulatory developments, including tax legislation and interpretation; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; changes in competition; modifications to credit ratings; scarcity of human resources; developments with respect to labour relations; information technology and cyber security; developments in the technological environment; environmental risk including changes to global environmental policy and the effects of climate change; the possible effects of global conflicts and terrorism, natural disasters, public health emergencies, disruptions to public infrastructure and other catastrophic events; our ability to execute our strategic plans including the reorganization of our retail branches, the modernization of our core banking system and implementation of the Advanced Internal Ratings-Based (AIRB) Approach to credit risk, as well as our ability to anticipate and effectively manage risks arising from the foregoing.

We further caution that the foregoing list of factors is not exhaustive. Other factors and risks could adversely affect our results. 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 2019 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, 2019. Copies of this Annual Information Form and our 2019 Annual Report 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, as applicable, its subsidiaries are collectively referred to herein as "Laurentian Bank Financial Group" ("we", "our" or the "Group"). The Bank, a Schedule 1 chartered bank subject to the provisions of the *Bank Act* (Canada) (the "Bank Act"), 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 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.

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. DESCRIPTION OF THE BUSINESS

General Summary

Laurentian Bank Financial Group is a diversified financial services provider whose mission is to help its customers improve their financial health. Our success comes from more than 3,200 employees guided by the values of proximity, simplicity and honesty, through which we provide a broad range of advice-based financial solutions and services. With activities across Canada and a presence in the U.S., we are an important player in a number of market segments. With respect to our Personal clients segment, they have access to financial advice, products and services offered through our network of branches now known as "Financial Clinics", Advisors and Brokers, and a digital platform ("Digital Direct to Customer"). In our Business segment we provide: commercial banking; real estate financing; and equipment and inventory financing. With respect to our Institutional segment, our clients have access to a range of services tailored to their needs in capital markets, broker services, trustee and administrative services.

As at October 31, 2019, the Group had \$44.4 billion in balance sheet assets and \$28.9 billion in assets under administration.

Further information on the Group's clients, products, services and financial information can be found in the Management's Discussion and Analysis and in the Consolidated Financial Statements on pages 21 to 150 of our 2019 Annual Report.

Additional Information Relating to the Business

Competition

The Bank competes with various service providers including 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. In addition, the evolution of technologies has enabled new non-traditional entrants to compete in certain segments of banking, in some cases with reduced regulatory requirements and oversight. The main differentiating factors between suppliers of financial products and services are the rates and prices offered, service-quality, offering and flexibility of products and services, proximity, and the technology used. Our challenge is to develop a competitive formula in an environment where technology and customer behaviours are rapidly evolving and in which economic and regulatory frameworks remain challenging.

Lending

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 has simplified 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 enhancing financial advice and 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. Drawing on the expertise of the specialists in each business segment and our marketing teams, product development and enhancement is a core and regular activity of the Group.

Skills and Specialized Knowledge

We firmly believe in the importance of a fully-engaged workforce and providing opportunities to our personnel that support personal and professional growth. To maintain engagement, we are continuously identifying ways to support the career advancement of our employees. The Bank focuses on employee wellness through programs that promote mental and physical well-being and career development and advancement through mentoring and training programs.

Diversity is as an important consideration in recruiting as it is in all of the Bank's activities. Our diversity plan includes initiatives aimed at promoting diversity and inclusion in the workplace and closing any representation gaps. We also focus on raising employee awareness about diversity and inclusion and also in monitoring progress indicators to ensure the plan's overall success. The Bank has strong female representation, with 50% of the independent members of the Bank's Board of Directors, 45% of management and 55% of employees being women.

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.

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 quarterly results" on pages 35 to 37 of our 2019 Annual Report.

Number of employees

The Group had 3,256 full-time equivalent employees at the end of fiscal year 2019, 599 of which were unionized. The majority of unionized employees work in the Bank's branches in the Province of Quebec and some of them are employed in the corporate office in Montreal. With respect to our unionized employees, a new collective bargaining agreement was ratified on March 29, 2019 and will expire on December 31, 2021.

Environmental and Social Policies

Environmental Protection

The Bank considers the direct and indirect impact of our decisions on climate change and the environment. As a service provider, the vast majority of our environmental footprint is driven by emissions from the buildings we occupy and the business travel of our employees. In this regard, the Bank supports clean energy through its partnership with Bullfrog Power. We are also proud to occupy corporate offices in Gold and Silver LEED-certified buildings in Toronto and Montreal, respectively. In addition, the Bank's digital migration and the implementation of its 100% Advice offering reduces its physical footprint.

Recognizing the growing impacts of climate-change on various industries and regions, and in line with its stakeholders' interests, the Bank is developing a sustainability program which will include the roadmap of our efforts to implement the Financial Stability Board's Task Force on Climate-related Financial Disclosure ("TCFD").

Additional information on how the Bank manages environmental and social risk can be found under the heading "Environmental and social risk" on page 69 of our 2019 Annual Report, which we incorporate by reference herein.

Social Policies

The Bank is committed to being a socially responsible company and to contributing to the well-being of the community. The Bank is engaged in supporting organizations that work in the areas of health, community involvement, education, arts and youth. It also contributes to support efforts related to environmental crises - by helping Canadians recover from various natural disasters that take place. Furthermore, the Bank has granted \$0.6 million in donations to the communities it serves in 2019.

The Bank publishes a report on Social and Governance issues every year, which describes how it addresses environmental, social and governance issues. This report and other related information are available on the Bank's website, <https://lbcfg.ca/>.

Risk Factors

The information regarding the Bank's significant risk factors is presented under the headings "Outlook" on pages 26 to 30 and "Risk Appetite and Risk Management Framework" on pages 47 to 69 of our 2019 Annual Report and in Note 25 "Financial Instruments - Risk Management" on page 140 of our 2019 Annual Report. Reference is also made to the "Caution Regarding Forward-Looking Statements" on page 2 of this Annual Information Form.

Supervision and Regulation in Canada

The Bank is a federally regulated financial institution governed by the Bank Act. The Office of the Superintendent of Financial Institutions ("OSFI") is responsible to the Minister of Finance (the "Minister") for the supervision of federally regulated financial institutions, including the Bank. OSFI is required to examine the affairs and business of each institution for the purpose of determining whether statutory requirements are duly observed and the institution is in sound financial condition. OSFI performs an annual examination and submits its report to the Minister thereafter.

In addition to its governing legislation, the Bank is subject to regulation under the *Financial Consumer Agency of Canada Act*. The Financial Consumer Agency of Canada enforces consumer-related provisions of the federal statutes that govern financial institutions. The Bank is a member of the Canada Deposit Insurance Corporation (CDIC), which insures certain deposits held at the member institutions. The Bank is also subject to oversight by the Financial Transaction and Reports Analysis Centre of Canada (FINTRAC), who, administers the *Proceed of Crime (Money Laundering) and Terrorist Financing Act* and its regulations. In addition, the activities of Bank's dealer, trust, loan and insurance subsidiaries are also regulated under provincial laws in the provinces in which they operate, including oversight by provincial securities commissions as well as the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA).

3. GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Our mission is to help our customers improve their financial health. To this end, we've identified three strategic goals: building a stronger foundation; investing in profitable growth; and improving financial performance. In furtherance of these objectives, 2019 was a year of investment in our people, processes and technology.

At the beginning of 2016, we announced our strategic plan, which included optimizing and simplifying our retail network in Quebec. This strategy led us to complete, in September 2019, the transition of all our traditional branches into Financial Clinics, offering cashless, advice-based services through a multidisciplinary team of advisors, financial planners and private bankers - our "100% Advice" offering. For basic transactions, such as bill payments, deposits, withdrawals and fund transfers, customers continue to have 24/7 access to electronic and web-based platforms. The shift to this approach has been carefully planned to ensure a smooth transition to our new model. With this milestone behind us, our Financial Clinics are starting a new phase that will be driven by growth. Staff is engaged to succeed in the pursuit of our mission to help our customers improve their financial health.

Since the beginning of the year, we have continued to execute our business plan and delivered strong profitable growth in equipment and inventory financing activities, as well as in real estate financing. We will continue to grow these segments, in accordance with our plan, to further improve the Bank's profitability and diversification.

These developments have happened alongside the ongoing implementation of a new core banking system and the migration of customers to electronic and web-based platforms. In addition, in March 2019, we ratified a new collective agreement which strengthens our foundation and is expected to contribute to improvements in financial performance. Further, in late April, we also began to optimize certain back-office functions which we expect will increase efficiency. In the coming year our focus will be on enhancing the customer experience as we add functionalities and products to our Digital Direct to Customer offering.

For additional information on the general development of our business and strategies for the upcoming year please refer to pages 21 to 74 of our 2019 Annual Report. Additional developments are described below.

2019 Fiscal Year

On October 15, 2019, Mr. Kelsey Gunderson was appointed Executive Vice President, Capital Markets of the Bank and Chief Executive Officer of Laurentian Bank Securities Inc. ("LBS"). On November 21, 2019, Mr. Gunderson was also appointed President of LBS.

On August 29, 2019, two independent Board members, Ms. Andrea Bolger and Mr. David Mowat were appointed.

On June 7, 2019, the Bank announced that none of its outstanding Non-Cumulative Class A Preferred Shares, Series 13 would be converted into Non-Cumulative Class A Preferred Shares, Series 14 of the Bank. The Dividend rate for the five- year period commencing on June 15, 2019, and ending on June 14, 2024, was set at 4.123% per annum.

On April 9, 2019, Mr. Michael Mueller succeeded Ms. Isabelle Courville as Chair of the Board.

2018 Fiscal Year

On August 21, 2018, Mr. Craig Backman was appointed Executive Vice President, Personal Digital Banking and President and Chief Executive Officer of B2B Bank.

On June 21, 2018, Ms. Deborah Rose was promoted to the role of Chief Operating Officer while continuing to act as Chief Information Officer.

On June 4, 2018, Mr. William Mason was appointed Executive Vice President and Chief Risk Officer following the retirement of Ms. Susan Kudzman.

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 and 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.

On December 15, 2017, the Bank redeemed all of its Non-Cumulative Class A Preferred Shares Series 11 then outstanding, at a redemption price of \$25.00 per share, together with any declared and unpaid dividends.

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; create a US presence; expand its customer base to create new cross-selling opportunities; as well as strengthen the organization's position 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 [4,654,560] subscription receipts were automatically converted into common shares on a one-for-one basis upon closing of the acquisition of Northpoint Commercial Finance LLC.

4. DIVIDENDS

Dividends and Distributions

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

Dividends Declared			
	2019	2018	2017
	Per share (\$)	Per share (\$)	Per share (\$)
Common shares	2.62	2.54	2.46
Class A Preferred Shares			
Series 11	—	0.25 (Note 1)	1.00
Series 13	1.06	1.08	1.08
Series 15	1.46	1.46	1.46

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

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.

At its meeting held on May 29, 2019, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.66 per common share.

At its meeting held on December 3, 2019, the Board of Directors approved an increase in the quarterly dividend of \$0.01 per common share or 2% to \$0.67 per common share.

The Bank may not declare dividends on its preferred or common shares if the payment of such dividends would contravene the Bank Act capital adequacy, liquidity or other regulations. In addition, the Bank may only pay dividends on the common shares unless it has paid all dividends declared and payable on the Bank's

preferred shares or if the Bank has set aside sufficient funds to do so. The Board of Directors determines the amount and payment of future dividends. The decision of the Board of Directors depends on the Bank's activity, financial situation and cash flow requirements, future regulatory restrictions on the payment of dividends and other factors that the Board of Directors considers relevant.

Restrictions

Restrictions to the declaration and payment of dividends are described in Note 17 "Share Capital" on pages 123 to 125 of our 2019 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 46 of our 2019 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 39 and under the heading "Capital Management" on pages 42 to 45 of the 2019 Annual Report as well as in Note 17 "Share Capital" on pages 123 to 125 of our 2019 Annual Report.

The authorized capital of the Bank consists of an unlimited number of Class A Preferred Shares, without par value, which may be issued in series and an unlimited number of common shares, without par value.

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.

The holders of Class A Preferred Shares have no voting rights, except on certain matters or as the law requires. The Class A Preferred Shares may be issuable in series, and such series shall rank *pari passu* as to dividends and return of capital. The holders of Class A Preferred Shares have priority over the holders of

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 25 of our 2019 Annual Report.

common shares as to the right to receive dividends, as declared by the Board of Directors of the Bank, for the amounts indicated or to be determined in accordance with the provisions of any such series and said dividends may be cumulative or not and payable in cash or in the form of share dividends or in any other way that may be authorized.

The holders of any series of Class A Preferred Shares shall not be entitled to any additional dividend or dividend other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of Class A Preferred Shares.

In the event of the liquidation, dissolution or winding-up of the Bank or any other distribution of its assets amongst its shareholders for the purpose of winding-up its affairs, the holders of each series of Class A Preferred Shares will be entitled to, before any amount is paid or any property distributed to the holders of common shares or shares of any other class of shares of the Bank ranking junior to the Class A Preferred Shares, and to the extent provided for in respect of a series, i) an amount equal to the price at which such shares were issued, ii) such premium, if any, as has been provided for with respect to such series, and iii) in the case of cumulative Class A Preferred Shares, all cumulative unpaid dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends were paid up to and including the date of distribution) and, in the case of non-cumulative Class A Preferred Shares, all non-cumulative declared and unpaid dividends. After payment to the holders of the Class A Preferred Shares of the amounts so payable to them, they shall not participate in any further distribution of the property or assets of the Bank.

In the case of cumulative dividends, the priority shall cover all the prior completed periods for which such dividends are payable as well as any other amounts in respect of dividends, if any, that may be indicated in the provisions attaching to any particular series. In the case of non-cumulative dividends, the priority shall cover all declared and unpaid dividends.

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.

On June 7, 2019, the Bank announced that none of its outstanding Non-Cumulative Class A Preferred Shares, Series 13 would be converted into Non-Cumulative Class A Preferred Shares, Series 14 of the Bank. The Dividend rate for the five- year period commencing on June 15, 2019, and ending on June 14, 2024, was set at 4.123% per annum.

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.

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 pages 63 to 64 of our 2019 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.

As is common industry practice, the Bank made, or reasonably will be making payments to rating agencies for rating and/or other services.

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.
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.
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On April 30, 2019, S&P's confirmed the Bank's ratings outlook "Negative".

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) Stable 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) Stable 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 Stable 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 August 30, 2019, DBRS confirmed the Bank's ratings, trend "Stable".

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 2018	42.990	40.250	5,084,362
December 2018	42.000	36.210	8,992,350
January 2019	44.530	37.700	8,626,073
February 2019	46.220	40.000	6,777,362
March 2019	41.930	40.000	7,748,241
April 2019	42.730	40.610	4,048,112
May 2019	43.800	41.170	6,599,232
June 2019	45.970	42.520	4,398,818
July 2019	45.850	44.190	3,220,868
August 2019	46.160	43.450	4,043,544
September 2019	46.000	42.150	3,781,345
October 2019	46.050	43.530	3,324,375
Total			66,644,682

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 2018	20.900	19.500	49,481
December 2018	20.250	17.610	79,317
January 2019	19.750	18.350	54,146
February 2019	19.000	17.810	64,244
March 2019	18.450	17.160	69,121
April 2019	17.610	16.560	129,381
May 2019	17.020	16.300	85,110
June 2019	16.680	15.460	73,892
July 2019	17.100	16.390	46,224
August 2019	17.040	15.460	53,647
September 2019	17.000	15.740	79,705
October 2019	16.300	15.690	110,596
Total			894,864

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 2018	25.930	25.200	66,636
December 2018	25.950	24.990	96,795
January 2019	25.810	25.000	79,003
February 2019	25.770	25.500	68,430
March 2019	25.650	25.200	141,201
April 2019	25.980	25.510	70,998
May 2019	25.880	25.450	61,541
June 2019	25.570	25.190	62,121
July 2019	25.630	25.310	45,822
August 2019	25.730	25.330	40,125
September 2019	25.800	25.280	41,293
October 2019	25.870	25.630	28,721
Total			802,686

7. DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

As at October 31, 2019, the directors and executive officers of the Bank, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 51,681 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
Andrea Bolger	Ontario, Canada	2019	Corporate Director
Michael T. Boychuk	Quebec, Canada	2013	Corporate Director
François Desjardins	Ontario, Canada	2015	President and Chief Executive Officer, Laurentian Bank of Canada
A. Michel Lavigne	Quebec, Canada	2013	Corporate Director
David Morris	Québec, Canada	2017	Corporate Director
David Mowat	Alberta, Canada	2019	Corporate Director
Michael Mueller	Ontario, Canada	2018	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 Ms. Andrea Bolger who, prior to February 2015, was Executive Vice President, Business Financial Services of Royal Bank of Canada; Mr. Michael T. Boychuk who, prior to July 2015, was President of Bimcor Inc.; Mr. David Morris who, prior to May 2016, was a senior partner at Deloitte; and Mr. David Mowat who, prior to June 2018, was President and Chief Executive Officer of ATB Financial.

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, David Morris and David Mowat.
Risk Management	Sonia Baxendale (Chair), Andrea Bolger, Michael T. Boychuk, Michelle R. Savoy and Susan Wolburgh Jenah.
Human Resources and Corporate Governance	Michelle R. Savoy (Chair), Sonia Baxendale, A. Michel Lavigne and Susan Wolburgh Jenah.

Executive Officers

The Executive Officers of the Bank are:

Name	Position	Place of Residence
François Desjardins	President and Chief Executive Officer	Ontario, Canada
Craig Backman	Executive Vice President, Personal Digital Banking of the Bank President and Chief Executive Officer, B2B Bank	Ontario, Canada
Kelsey Gunderson	Executive Vice President, Capital Markets of the Bank President and Chief Executive Officer, Laurentian Bank Securities Inc.	Ontario, Canada
François Laurin	Executive Vice President, Finance, Treasury and Chief Financial Officer	Quebec, Canada
William Mason	Executive Vice President and Chief Risk Officer	Ontario, Canada
Deborah Rose	Executive Vice President, Chief Operating Officer and Chief Information Officer of the Bank President and Chief Executive Officer, LBC Tech Inc.	Ontario, Canada
Stéphane Therrien	Executive Vice President, Personal and Commercial Banking of the Bank President and Chief Executive Officer, LBC Financial Services	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 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.
- 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.
- Mr. Kelsey Gunderson who was, prior to April 2019, Global Head of Trading Products at BMO Capital Markets where he held various management positions for more than a decade.

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 hearing of these two appeals has been confirmed for the week of January 27, 2020.

8. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Relevant information with respect to legal proceedings involving the Bank can be found in Note 30 “Commitments, Guarantees and Contingent Liabilities” on pages 148 to 149 of our 2019 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 A 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
David Morris
David Mowat

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 from 2012 to 2018. 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, the Audit Committee and the Corporate Governance Committee of Corus Entertainment Inc. since January 2019. 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.

Ms. Bastarache 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 Directors, Chair of the Investment and Risk Management Committee, and member of the Audit Committee of Otéra Capital Holding Inc. since July 2019. Ms. Bastarache is a member of the Board of Trustees, a member of the Audit Committee and a member of the Investment 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.

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.

David Mowat - Mr. Mowat is the former President and CEO of ATB Financial, a position he has held from June 2007 to June 2018. Prior to that, he was the CEO of Vancouver City Savings Credit Union from 2000 until 2007. In 2015, he was named chair of the Alberta Royalty Review panel. Mr. Mowat holds a Bachelor of Commerce from the University of British Columbia. In 2015, he received an Honorary Bachelor of Business Administration from the Southern Alberta Institute of Technology and in 2017 he received an honorary doctorate of laws from the University of Alberta.

Mr. Mowat has been appointed member of the Audit Committee of the Bank on October 30, 2019.

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, 2019 and 2018.

Fee category	2019 (\$)	2018 (\$)
Audit fees	3,056,000	3,013,000
Fees for audit-related services	678,000	1,039,000
Fees for tax services	103,000	65,000
Other fees	228,000	45,000
Total	4,064,000	4,160,000

“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 2019 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 non audit 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 our 2019 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, 2019 ⁽¹⁾	JURISDICTION OF INCORPORATION OR FORMATION
CORPORATE NAME	
B2B Bank	Canada
B2B Bank Financial Services Inc.	Ontario
B2B Bank Securities Services Inc.	Ontario
B2B Bank Intermediary Services Inc.	Ontario
B2B Trustco	Canada
B2B Securitization Inc.	Canada
B2B Securitization Limited Partnership	Ontario
Laurentian Bank Insurance Inc.	Canada
Laurentian Bank Securities Inc.	Canada
Laurentian Capital (USA) Inc.	Canada
Laurentian Trust of Canada Inc.	Canada
LBC Capital Inc.	Canada
LBEF Inc.	Canada
LBEL Inc.	Canada
LBC Capital GP Inc.	Canada
LBC Leasing Limited Partnership	Ontario
Northpoint Commercial Finance Canada Inc.	Canada
NCF Commercial Finance Holdings Inc.	Delaware
NCF Financing LLC	Delaware
Northpoint Commercial Finance Inc.	Delaware
Northpoint Commercial Finance LLC	Delaware
LBC Financial Services Inc.	Canada
LBC Investment Management Inc.	Canada
V.R. Holding Insurance Company Ltd	Barbados
VRH Canada Inc.	Canada
LBC Tech Inc.	Ontario
LBC Trust	Canada
NCF International Kft	Hungary
NCF International S.à r.l.	Luxembourg

(1) The Bank directly or indirectly controls 100% of the voting shares of each subsidiary.

SCHEDULE B

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.