



## **Annual Information Form**

**December 9, 2015**

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada 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 the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist the Bank's security holders and financial analysts in obtaining a better understanding of the Bank's 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 prospects, 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 the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

The Bank cautions 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 in the technological environment, the ability to realize the anticipated benefits from the purchase of an investment loan portfolio and the reaction of the seller's customers to the transaction, as well as, the ability to operate the Bank's transformation plan. The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the Management's Discussion and Analysis under the title "Risk Appetite and Risk Management Framework" in the Bank's Annual Report, as well as to other public filings available at [www.sedar.com](http://www.sedar.com).

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

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<p><i>Note: Unless otherwise specified, all information presented herein is as at October 31, 2015. References to Annual Reports are references to the Annual Reports of Laurentian Bank of Canada. All documents referred to herein are available on SEDAR (<a href="http://www.sedar.com">www.sedar.com</a>) and are incorporated herein by reference.</i></p>
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## **1. CORPORATE STRUCTURE**

### **1.1 Name, Address and Incorporation**

The full name of the issuer is Laurentian Bank of Canada (the “Bank”). Its head office is located at 1981 McGill College Avenue, Montreal, Quebec, Canada, H3A 3K3.

The Bank is incorporated under the *Bank Act* (Canada). The Bank was founded in Montreal in 1846 as a savings mutual. It became a share-issuing corporation under a charter granted on April 27, 1871, pursuant to an act of the Parliament of Canada concerning savings banks. Prior to September 28, 1987, the Bank was known as The Montreal City and District Savings Bank. On that date, the Bank became a chartered bank under Schedule II of the *Bank Act* (Canada) pursuant to letters patent issued by the Minister of Finance of Canada. On January 1, 1994, Desjardins-Laurentian Financial Corporation became the majority shareholder of the Bank following its acquisition of the Bank’s parent corporation, Laurentian Group Corporation. On November 12, 1997, Desjardins-Laurentian Financial Corporation, which held 57.5% of the common shares of the Bank, sold its shares by secondary distribution. The Bank thereby became a bank listed in Schedule I of the *Bank Act* (Canada).

### **1.2 Intercorporate Relationships**

The principal subsidiaries of the Bank are:

- B2B Bank
  - B2B Bank Financial Services Inc.
  - B2B Bank Intermediary Services Inc.
  - B2B Bank Securities Services Inc.
  - B2B Trustco
- LBC Investment Management Inc.
  - V.R. Holding Insurance Company Ltd
- LBC Financial Services Inc.
- LBC Trust
- Laurentian Trust of Canada Inc.
- Laurentian Bank Insurance Inc.
- Laurentian Bank Securities Inc.
  - Laurentian Capital (USA) Inc.

The Bank holds directly or indirectly 100% of all issued and outstanding shares of all such subsidiaries. All the foregoing subsidiaries are incorporated or continued in Canada under the provisions of a federal act, except B2B Bank Financial Services Inc., B2B Bank Intermediary Services Inc. and B2B Bank Securities Services Inc., which are incorporated under the *Business Corporations Act* (Ontario), and V.R. Holding Insurance Company Ltd, which is incorporated under the provisions of an act of Barbados.

## **2. GENERAL DEVELOPMENT OF THE BUSINESS**

### **2.1 Three-Year History**

#### **Fiscal 2013**

In 2013, the Bank was successful in achieving record adjusted net income for the seventh consecutive year, despite a challenging environment of lingering low interest rates, increasing regulatory constraints and economic uncertainty. The Bank harnessed its agility, as well as its focus and execution capabilities, as it adapted its strategies to support growth and development in its main business segments.

Several initiatives were implemented over the course of that fiscal year:

- On March 15, 2013, the Bank redeemed all of its Non-Cumulative Class A Preferred Shares, Series 9 at a price of \$25.00 per share for an aggregate consideration of \$100 million, to optimize its capital structure.
- On March 20, 2013, the Bank announced the appointment of Ms. Isabelle Courville as Chair of its Board of Directors.
- The Bank established a partnership with FADOQ, the largest association of seniors in Quebec, and with the Réseau des ingénieurs de Québec. Through the partnerships, the Bank provides financial services and products (with the initial offering being a credit card) to this promising pool of potential clients.
- In June 2013, a reorganization of the Bank resulted in the SME segment being transferred from the Retail segment to the segment serving commercial clients.
- Laurentian Bank Securities and Capital Markets expanded its services to institutional clients through the addition of a syndication team.
- In August 2013, the Bank launched a new transactional web site with increased functionality that was well received by clients.
- New industry specializations such as Manufacturing and Energy and Infrastructure staffed by specialists with industry expertise, were added to our offer of products and services for our commercial clients and have been rolled out across Canada.
- Effective September 1, 2013, B2B Bank completed its amalgamation with AGF Trust Company, merging the operations of the two companies under the B2B Bank brand. The integration of the systems and personnel was completed in 2014.
- In October 2013, the Bank announced that it was adding leasing products to the range of financing solutions it offers to its commercial clients. Expanding into leasing provided a new financing alternative to businesses across Canada for their equipment.

Further information on the Bank's development during the 2013 fiscal year can be found on pages 18 to 62 of the 2013 Annual Report.

## Fiscal 2014

Fiscal 2014 was a year marked by solid financial performance, thanks, in particular, to the Bank's excellent credit quality and the implementation of effective strategies aimed at generating strong growth within priority sectors.

The following are some of the initiatives undertaken over the course of that fiscal year:

- On March 25, 2014, the Bank announced it would proceed with a public offering of \$125 million, issuing 5,000,000 Non-Cumulative Class A Preferred Shares, Series 13 fully qualifying with Basel III requirements at the price of \$25.00 per share. The offering was completed on April 3, 2014.
- On April 10, 2014, Laurentian Bank Securities held its first annual conference for institutional investors devoted to the small cap business segment. The event served to consolidate Laurentian Bank Securities positioning as a prime player in the small cap market niche, within which the firm has developed solid specialization over the last few years.
- In May 2014, B2B Bank expanded its mortgage offerings for brokers with the addition of new solutions in the form of alternative and expanded conventional mortgages, which are intended for clients with varied employment and income profiles.
- On June 15, 2014, the Bank redeemed all 4,400,000 Non-Cumulative Class A Preferred Shares, Series 10 issued and in circulation at the price of \$25.00 per share for an aggregate consideration of \$110 million.
- At the end of the fiscal year 2014, B2B Bank completed the integration of the acquired companies.

The Bank and its officers also received the following distinctions:

- In February 2014, the Bank ranked among the *Montréal's Top 25 Employers 2014* in recognition of its enviable working environment. This annual ranking is an initiative of Mediacorp Canada, which also publishes the prestigious *Canada's Top 100 Employers* classification.
- Also in February 2014, two of the Bank's senior executives — then President and Chief Executive Officer of the Bank, Mr. Réjean Robitaille, and then President and Chief Executive Officer of B2B Bank, Mr. François Desjardins — were selected as being among the most influential personalities in Quebec's financial community in another prestigious ranking conducted by *Finance et Investissement* magazine.

Further information on the Bank's development during the 2014 fiscal year can be found on pages 17 to 60 of the 2014 Annual Report.

## Fiscal 2015

In 2015, the Bank was successful in achieving record adjusted earnings for the ninth consecutive year, despite a challenging operating environment of persistent low interest rates and slow economic growth. Our strategies to focus on business development supported accelerated growth in our priority loan portfolios. However, following the comprehensive strategic review of its retail activities completed during the fourth quarter of 2015, the Bank reviewed the value of its Retail unit (which encompasses all branch activities and other retail banking activities in Québec) and recorded a charge of \$72.2 million, which has impacted results for the year on a reported basis.

Several initiatives have been undertaken during this fiscal year:

- The Leasing team developed new relationships for the Bank, building a solid pipeline of potential loans and expanding its geographic footprint with new account managers in Nova Scotia, Quebec, Ontario and Alberta.
- Retail Services modified its platform in order to meet all of the regulatory requirements of the second and final phase of the Client Relationship Model adopted by the Investment Industry Regulatory Organization of Canada and approved by the Canadian Securities Administrators.
- On August 12, 2015, B2B Bank acquired a \$603 million investment loan portfolio from TD Bank Group. With this transaction, B2B Bank's portfolio of investment loans amounts to almost \$5 billion and B2B Bank welcomes 5,000 new customers.
- In September 2015, the equipment financing group of the Bank partnered with the Business Development Bank of Canada (BDC), to help manufacturers across the country acquire equipment through more flexible financing options.
- In September 2015, the Bank announced its intention to redeem on November 2, 2015, all of the outstanding \$250 million 3.70% Series 2010-1, Medium Term Notes, due November 2, 2020. As announced, the redemption took place on November 2, 2015.
- The Laurentian Bank Securities and Capital Markets sector continued its focus on gradual growth and reached over \$3 billion in assets under administration.

The Bank also received the following distinctions:

- In May 2015, the Bank earned two prestigious awards presented by VISA International at the Global Service-Quality Awards in the Canadian *Highest Transaction Approval Rate* and *Electronic Commerce Effectiveness* categories. These awards acknowledge the Bank's exceptional performance and efficiency in this regard.

Further information on the Bank's development during the 2015 fiscal year can be found on pages 11 to 57 of the 2015 Annual Report.

### **3. DESCRIPTION OF THE BUSINESS**

#### **3.1 General Description of the Business**

Laurentian Bank of Canada is a pan-Canadian banking institution with balance sheet assets of almost \$40 billion and assets under management of roughly \$42 billion. As of October 31, 2015, the Bank had nearly 3,600 employees on a full-time equivalent basis.

Recognized for its excellent service, proximity and simplicity, the Bank serves a million and a half clients in market segments in which it holds an enviable position. In addition to occupying a choice position among consumers in Quebec, the Bank has built a solid reputation across Canada in the area of real estate and commercial financing thanks to its teams working out of more than 28 offices in Ontario, Quebec, Alberta, British Columbia and Nova Scotia. Its subsidiary B2B Bank is a Canadian leader in providing banking products to financial advisors and brokers, while Laurentian Bank Securities is an integrated broker, widely recognized for its expertise and effectiveness nationwide.

As at October 31, 2015, the Bank operated a network of 150 branches and 406 automatic banking machines. It has three lines of business (Retail and Business Services, B2B Bank and Laurentian Bank Securities and Capital Markets).

Further information, including financial information, on the business of the Bank, its principal markets, products and services and distribution methods, can be found in the Schedule to this Annual Information Form as well as in the Management's Discussion and Analysis and in the Consolidated Financial Statements on pages 11 to 114 of the 2015 Annual Report.

#### **3.2 Additional Information Relating to the Business**

##### *3.2.1 Markets and Competition*

The Bank is firmly rooted in Quebec and is also a successful player in specific markets elsewhere in Canada. The Bank has pursued its nationwide development and as of October 31, 2015, 42% of the Bank's total loans and about 50% of its profitability came from outside Quebec. The Bank ranks seventh among Canadian Schedule I (*Bank Act*) chartered banks on the basis of assets.

The financial products and services industry is a mature industry with many types of competitors (notably Canadian chartered banks, foreign banks, trust and loan companies, financial services cooperatives, insurance companies, alternative financing companies, mutual fund companies, independent brokers and securities brokers). The Bank 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. Likewise, the online services offer is in constant evolution and has altered the competitive environment.

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

### 3.2.2 *Loans*

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

Lastly, the Bank has established lending commitment limits for each region. Its policies exclude the possibility of granting loans to entities outside Canada.

All exceptions to the policies require the approval of the Risk Management Committee of the Board of Directors.

### 3.2.3 *Product Development and Services*

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

### 3.2.4 *Skills and Specialized Knowledge*

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

### 3.2.5 *Intangible Assets*

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

Following the comprehensive strategic review of its retail activities completed during the fourth quarter of 2015, the Bank reviewed the recoverability of the carrying value of certain of its assets for impairment purposes. As a result of the impairment test, an impairment charge affecting the Retail unit, was recorded for the year ended October 31, 2015 on the line item *Impairment of goodwill, software and intangible assets, and premises and equipment*. This charge included an impairment of goodwill for an amount of \$29.2 million. The recoverable amount of the Retail unit was determined based on the value-in-use approach using a discounted cash flow method. This impairment charge is the result of a combination of factors, including the continued pressure on

net interest margins stemming from the persistent low interest rates and competitive landscape, the change in customers' behavior driven by significant changes in technology and lifestyle, the emergence of new competitors, as well as the additional administrative burden associated with new regulatory measures.

Further information thereon can be found under the heading "Goodwill, other intangible assets and other assets" on pages 55 and 56 of the 2015 Annual Report and in note 10 "Goodwill" on pages 85 and 86 of the 2015 Annual Report.

### *3.2.6 Economic Dependence*

Due to the nature of its activities and resources, the Bank is generally autonomous in its operations. However, it has entered into agreements with certain suppliers who provide strategic services to it on an outsourcing basis. Therefore, the Bank 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. Also, in the information technology field, the Bank has outsourced some activities of development and maintenance of its office automation applications and specialized applications to certain information technology consulting firms.

### *3.2.7 Business Cycle*

The Bank's business generally follows economic cycles and seasonal variations, the latter being relatively minor. Therefore, the second quarter of the fiscal year, which has less days than the others (89 days compared to 92 days for the three other quarters) generates lower net interest income. Further information thereon can be found under the heading "Analysis of the evolution of the quarterly results" on pages 24 and 25 of the 2015 Annual Report.

### *3.2.8 Environmental Protection*

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

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

### *3.2.9 Reorganizations and Changes to Management*

The following changes involving Executive Committee members occurred during the course of 2013:

- On May 2, 2013, Executive Vice-President of Retail Financial Services and SME-Québec, Mr. Luc Bernard, left the Bank.

- On June 5, 2013, Mr. Gilles Godbout assumed by interim the responsibility of overseeing Retail Services and was appointed Executive Vice-President, Retail Services and Chief Information Officer.
- Also on June 5, 2013, Mr. Stéphane Therrien was given the additional responsibility of the SME-Québec sector. He is now responsible for supervising all activities relating to commercial customers.

In 2014, the following modification was brought to the Executive Committee:

- On August 29, 2014, in addition to carrying out his functions as President and Chief Executive Officer of B2B Bank and Executive Vice-President of the Bank, Mr. François Desjardins has been entrusted the responsibility of Retail Services.

In 2015, several changes were made to the Executive Committee:

- On January 21, 2015, Mr. Réjean Robitaille, President and Chief Executive Officer of the Bank since December of 2006, announced his intention to retire as President and Chief Executive Officer, effective November 1, 2015.
- On February 26, 2015, the Bank's Board of Directors announced the appointment of Mr. François Desjardins as Chief Operating Officer. The Board also announced its intention to name Mr. Desjardins President and Chief Executive Officer of the Bank effective November 1, 2015.
- On April 23, 2015, Mr. Michel C. Lauzon, Executive Vice-President and Chief Financial Officer, announced his intention to retire on August 1, 2015.
- On June 4, 2015, Mr. Stéphane Therrien took over the Personal Banking unit, thus becoming Executive Vice-President, Personal and Commercial Banking.
- On June 4, 2015, Ms. Deborah Rose was appointed President and Chief Executive Officer of B2B Bank.
- On August 10, 2015, Mr. Francois Laurin joined the Bank as Executive Vice-President and Chief Financial Officer.
- On October 5, 2015, the following changes were made to the Executive Committee:
  - Ms. Lorraine Pilon, Executive Vice-President, Corporate Affairs, Human Resources and Secretary and Mr. Pierre Minville, Executive Vice-President and Chief Risk Officer stepped down from their position at the Bank.
  - After Mr. Gilles Godbout, Executive Vice-President and Chief Information Officer, announced his intention to retire as of April 2016, Ms. Deborah Rose, then at the Bank, was also appointed Executive Vice-President, Intermediary Banking and Chief Information Officer, all the while assuming the position of President and Chief Executive Officer of B2B Bank.

- Ms. Susan Kudzman was named Executive Vice-President, Chief Risk Officer and Corporate Affairs.

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

#### *3.2.10 Social Policies*

The Bank is concerned with being a good corporate citizen and contributing to the well-being of the community. Each year, Bank makes considerable donations to organizations and institutions that provide services to the public. The Bank also encourages its employees to get involved in their communities.

Equity is a principle that the Bank applies in all its activities. Determined to provide equal employment opportunities to all its employees and all potential candidates, the Bank has implemented an employment equity program. More than 50% of the Bank’s managers are women.

The Bank has formed a Diversity Committee, whose mandate is to create an environment that promotes diversity and inclusion. The Committee is comprised of employer and union representatives, employees from the different business sectors, as well as people representing the four target diversity groups: women, visible minorities, indigenous people and people with disabilities. These Committee members work to continuously evolve the Bank’s diversity management practices.

### **3.3 Risk Factors**

The information regarding the Bank’s significant risk factors is presented under the headings “Outlook” on pages 16 and 17 and “Risk Appetite and Risk Management Framework” on pages 37 to 53 of the 2015 Annual Report and in Note 25 “Financial Instruments - Risk Management” on pages 107 and 108 of the 2015 Annual Report. Reference is also made to the “Caution Regarding Forward-Looking Statements” on page 2 of this Annual Information Form.

#### 4. DIVIDENDS

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

Dividends Declared			
	2015	2014	2013
	Per share (\$)	Per share (\$)	Per share (\$)
Common shares	2.20	2.06	1.98
Class A Preferred Shares			
Series 9	-	-	0.75 (Note 1)
Series 10	-	0.98 (Note 2)	1.31
Series 11	1.00	1.00	0.91 (Note 3)
Series 13	1.08	0.48 (Note 4)	-

Note 1: Class A Preferred Shares Series 9 were redeemed on March 15, 2013.

Note 2: Class A Preferred Shares Series 10 were redeemed on June 15, 2014.

Note 3: Class A Preferred Shares Series 11 were issued on October 18, 2012. The initial dividend was \$0.16.

Note 4: Class A Preferred Shares Series 13 were issued on April 3, 2014. The initial dividend was \$0.22.

At its meeting held on December 5, 2012, the Board of Directors approved a \$0.02 per common share or 4% increase in the quarterly dividend, to \$0.49 per common share.

At its meeting held on June 5, 2013, the Board of Directors approved a \$0.01 per common share or 2% increase in the quarterly dividend, to \$0.50 per common share.

At its meeting held on December 11, 2013, the Board of Directors approved a \$0.01 per common share or 2% increase in the quarterly dividend, to \$0.51 per common share.

At its meeting held on June 4, 2014, the Board of Directors approved a \$0.01 per common share or 2% increase in the quarterly dividend, to \$0.52 per common share.

At its meeting held on December 10, 2014, the Board of Directors approved a 0.02\$ per common share or 4% increase in the quarterly dividend, to 0.54 \$ per common share.

At its meeting held on June 3, 2015, the Board of Directors approved a 0.02\$ per common share or 4% increase in the quarterly dividend, to 0.56 \$ per common share.

#### *Restrictions*

Restrictions to the declaration and payment of dividends are described in Note 16 "Share Capital" on pages 88 to 92 of the 2015 Annual Report.

## *Policy*

The Bank aims to pay a dividend on its common shares that falls within the range of 40% to 50% of net earnings per share. 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;
- 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 36 of the 2015 Annual Report.

## **5. CAPITAL STRUCTURE**

### **5.1 General Description of Capital Structure**

Information regarding the Bank's capital structure can be found under the heading "Shareholders' Equity" on page 31 and under the heading "Capital Management" on pages 33 to 36 of the 2015 Annual Report as well as in Note 16 "Share Capital" on pages 88 to 92 of the 2015 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.

The characteristics of Non-Cumulative Class A Preferred Shares, Series 11 and Series 12 can be found in the prospectus supplement dated October 11, 2012 relating to the short form base shelf prospectus dated October 10, 2012, and more specifically on pages S-9 to S-16.

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.

### **5.2 Ratings (Assigned by Credit Rating Agencies)**

Information regarding the ratings assigned by credit rating agencies can be found in the following tables and under the heading "Credit Ratings" on page 49 of the 2015 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	<ul style="list-style-type: none"> <li>▪ The BBB rating is ranked fourth of S&amp;P's ten long-term rating categories.</li> <li>▪ 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.</li> <li>▪ The absence of any sign "+" or "-" means the rating is ranked in the middle of the category.</li> </ul>
Subordinated debt	BBB-	<ul style="list-style-type: none"> <li>▪ The BBB rating is ranked fourth of S&amp;P's ten long-term rating categories.</li> <li>▪ 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.</li> <li>▪ The sign "-" means that the securities should be considered as belonging in the lower echelon of the category.</li> </ul>
Preferred shares	BB [P-3 on the Canadian scale]	<ul style="list-style-type: none"> <li>▪ The BB rating is ranked fourth of the nine categories used by S&amp;P in its global preferred share scale. The P-3 rating is ranked third of eight categories S&amp;P uses in its Canadian preferred share rating scale.</li> <li>▪ 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.</li> <li>▪ The absence of any sign "+" or "-" or the designation of "(high)" or "(low)" means the rating is ranked in the middle of the category.</li> </ul>
Preferred shares NVCC (Non Viability Contingent Capital)	BB- [P-3 (Low) on the Canadian scale]	<ul style="list-style-type: none"> <li>▪ The BB rating is ranked fourth of the nine categories used by S&amp;P in its global preferred share scale. The P-3 rating is ranked third of eight categories S&amp;P uses in its Canadian preferred share rating scale.</li> <li>▪ A Share rated "BB" [or P-3 under the Canadian Scale] indicates that the share 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.</li> <li>▪ The sign "-" or the designation of "(low)" means that the Share should be considered as belonging in the lower echelon of the category.</li> </ul>

Short-term instruments	A-2 [A-2 on the Canadian scale]	<ul style="list-style-type: none"> <li>▪ The A-2 rating is the second highest of six rating categories used by S&amp;P in its global short-term obligations rating scale and is ranked fourth of eight rating categories used by S&amp;P in its Short-term obligations Canadian rating scale.</li> <li>▪ 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.</li> </ul>
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On October 16, 2015, S&P’s confirmed the Bank’s ratings. Said ratings are associated with a stable 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)	<ul style="list-style-type: none"> <li>▪ The A rating is ranked third of DBRS’s ten long-term rating categories.</li> <li>▪ An obligation rated A is adequate 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.</li> <li>▪ The “(Low)” designation means the securities should be considered as belonging in the lower subcategory of the category.</li> </ul>
Subordinated debt	BBB (High)	<ul style="list-style-type: none"> <li>▪ The BBB rating is ranked fourth of DBRS’s ten long-term rating categories.</li> <li>▪ 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.</li> <li>▪ The “(High)” designation means the securities should be considered as belonging in the upper subcategory of the category.</li> </ul>
Preferred shares	Pfd-3 (High)	<ul style="list-style-type: none"> <li>▪ The Pfd-3 rating is ranked third of DBRS’s six preferred shares rating categories.</li> <li>▪ 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.</li> <li>▪ The “(High)” designation means the securities should be considered as belonging in the upper subcategory of the category.</li> </ul>

Preferred shares NVCC (Non Viability Contingent Capital)	Pfd-3	<ul style="list-style-type: none"> <li>▪ The Pfd-3 rating is ranked third of DBRS's six preferred shares rating categories.</li> <li>▪ 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.</li> <li>▪ The absence of either a "(High)" or "(Low)" designation indicates the rating is in the middle of the category.</li> </ul>
Short-term instruments	R-1 (Low)	<ul style="list-style-type: none"> <li>▪ The R-1 rating is the first of DBRS's six short-term rating categories.</li> <li>▪ 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.</li> <li>▪ The "(Low)" designation means the securities should be considered as belonging in the lower subcategory of the category.</li> </ul>

On October 29, 2015, DBRS confirmed the ratings of the Bank: Ratings trends are 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 twelve month period.

## 6. MARKET FOR SECURITIES

### 6.1 Trading Price and Volume

The common and preferred shares of the Bank are listed on the Toronto Stock Exchange (TSX).

<b>Price Range and Volume Traded</b> Laurentian Bank of Canada (Common Shares) Symbol: "LB" on the TSX			
<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
November 2014	51.15	49.13	799,199
December 2014	51.84	46.28	2,106,297
January 2015	50.07	46.50	1,763,074
February 2015	50.49	46.66	1,279,827
March 2015	49.66	46.84	1,966,499
April 2015	48.80	46.75	1,225,706
May 2015	48.76	47.46	809,024
June 2015	50.87	47.49	1,922,280
July 2015	49.59	46.11	1,663,561
August 2015	49.75	43.80	1,570,114
September 2015	50.55	47.33	2,003,640
October 2015	53.26	48.54	2,298,183
<b>Total</b>			<b>19,407,404</b>

<b>Price Range and Volume Traded</b> Laurentian Bank of Canada (Preferred Shares Series 11) Symbol: "LB.PR.F" on the TSX			
<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
November 2014	25.70	25.53	19,968
December 2014	25.74	25.05	45,616
January 2015	25.92	25.21	61,411
February 2015	25.37	25.02	145,006
March 2015	25.30	24.70	258,330
April 2015	25.19	24.83	109,788
May 2015	25.35	24.92	34,844
June 2015	25.15	24.80	118,489
July 2015	25.22	24.80	79,522
August 2015	24.95	24.05	59,728
September 2015	24.36	22.90	59,064
October 2015	23.53	21.52	94,388
<b>Total</b>			<b>1,086,154</b>

<b>Price Range and Volume Traded</b> Laurentian Bank of Canada (Preferred Shares Series 13) Symbol: "LB.PR.H" on the TSX			
<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
November 2014	25.81	25.10	82,739
December 2014	25.70	25.00	47,486
January 2015	25.75	24.79	88,221
February 2015	25.51	24.44	69,617
March 2015	25.20	24.55	77,715
April 2015	25.10	22.54	107,623
May 2015	24.95	23.56	73,683
June 2015	24.66	21.67	77,676
July 2015	22.50	21.12	64,194
August 2015	22.80	19.02	46,074
September 2015	21.90	19.26	66,545
October 2015	20.00	17.20	111,579
<b>Total</b>			913,152

## 7. DIRECTORS AND OFFICERS

### 7.1 Name, Position and Security Holding

As at October 31, 2015, the directors and executive officers of the Bank, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 73,993 common shares of the Bank (representing 0.26% 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:

<b>Name</b>	<b>Place of residence</b>	<b>Director since</b>	<b>Principal occupation in the last five years</b>
Lise Bastarache	Quebec, Canada	2006	Economist and corporate director
Jean Bazin	Quebec, Canada	2002 (and from 1990 to 2000)	Counsel, Dentons Canada LLP
Richard Bélanger	Quebec, Canada	2003	President, Toryvel Group Inc.
Michael T. Boychuk	Quebec, Canada	2013	Corporate Director
Isabelle Courville (Chair of the Board)	Quebec, Canada	2007	Corporate Director
François Desjardins (Note 1)	Ontario, Canada	2015	President and Chief Executive Officer, Laurentian Bank of Canada
Pierre Genest	Quebec, Canada	2006	Chairman of the Board, SSQ, Life Insurance Company Inc.
Michel Labonté	Quebec, Canada	2009	Corporate Director

<b>Name</b>	<b>Place of residence</b>	<b>Director since</b>	<b>Principal occupation in the last five years</b>
A. Michel Lavigne	Quebec, Canada	2013	Corporate Director
Jacqueline C. Orange	Ontario, Canada	2008	Corporate Director
Michelle R. Savoy	Ontario, Canada	2012	Corporate Director
Jonathan I. Wener	Quebec, Canada	1998	Chairman of the Board and Chief Executive Officer, Canderel Holdings Inc.
Susan Wolburgh Jenah (Note 2)	Ontario, Canada	2014	Corporate Director

Note 1 : Mr. Francois Desjardins was appointed Director and President and Chief Executive Officer of the Bank on November 1<sup>st</sup>, 2015

Note 2 : Ms. Susan Wolburgh Jenah was appointed Director of the Bank as of December 9, 2014.

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

All the directors of the Bank held their present positions or other management positions in the same or related companies during the last five years, with the exception of Mr. Michael T. Boychuck who, prior to July 2015 was President of Bimcor Inc., Mr. François Desjardins who, prior to November 2015 was Chief Operating Officer of the Bank and, prior to February 2015, Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Bank, Ms. Michelle R. Savoy who, prior to September 2011, was President of Capital Guardian (Canada) Inc. and Ms. Susan Wolburgh Jenah who, prior November 2014, was President and Chief Executive Officer of Investment Industry Regulatory Organization of Canada (IIROC).

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

*Audit Committee:* Richard Bélanger (Chair), Lise Bastarache, Michael T. Boychuk, Isabelle Courville and Jacqueline C. Orange.

*Risk Management Committee:* Richard Bélanger, Michel Labonté (Chair), A. Michel Lavigne, Jonathan I. Wener and Susan Wolburgh Jenah.

*Human Resources and Corporate Governance Committee:* Jean Bazin (Chair), Isabelle Courville, Pierre Genest and Michelle R. Savoy.

## Executive Officers

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

Name	Position	Place of Residence
François Desjardins	President and Chief Executive Officer	Ontario, Canada
Suzan Kudzman	Executive Vice-President, Chief Risk Officer and Corporate Affairs	Quebec, Canada
François Laurin	Executive Vice-President and Chief Financial Officer	Quebec, Canada
Deborah Rose	Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank, and President and Chief Executive Officer, B2B Bank	Ontario, Canada
Stéphane Therrien	Executive Vice-President, Personal and Commercial Banking	Quebec, Canada
Michel C. Trudeau	Executive Vice-President, Capital Markets, Laurentian Bank and President and Chief Executive Officer, Laurentian Bank Securities Inc.	Quebec, Canada

Here are the principal positions held by the executive officers in the last five years in addition to their abovementioned position:

- Mr. François Desjardins was, prior to November 2015, Chief Operating Officer of the Bank. Prior to February 2015, he was Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Bank.
- Ms. Susan Kudzman was, prior to June 2015, Senior Vice-President, Human Resources of the Laurentian Bank of Canada. Prior to March 2013, she was a member of the partnership and leader of the risk management group for Mercer (Montreal). Prior to May 2010, Ms. Kudzman was Senior Vice-President and Chief Risk Officer of *Caisse de dépôt et placement du Québec*. Since January 2013, she also acts as corporate directors of various companies.
- Mr. François Laurin was, prior to August 2015, Chief Financial Officer of Bio Amber Inc. Prior to January 2015, he was Chief Financial Officer of Alderon Iron Ore Corp., after acting as Director and Chief Executive Officer of Cap-Ex Iron Ore Ltd until June 2013. Mr. Laurin was Chief Financial Officer of Mines de Fer Consolidated Thomson Inc. prior to May 2011.
- Ms. Deborah Rose was, prior to June 2015, Chief Operating Officer of B2B Bank. Prior to September 2014, she was Senior Vice-President, Operations and Business Solutions of B2B Bank. Between April 2010 and October 2011, she was President of Rose Financial Services Consulting. Prior to April 2010, she was Senior Vice-President, Business Operations of IFDS Canada Ltd.

- Mr. Stéphane Therrien was, prior to September 2011, Senior Vice-President and Chief Commercial Officer of GE Capital Canada.
- Mr. Michel C. Trudeau was, prior to November 2011, Senior Vice-President, Capital Markets of the Bank and President and Chief Executive Officer of Laurentian Bank Securities Inc.

## **7.2 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.

## **8. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **8.1 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 112 and 113 of the 2015 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**

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, as principal distributor, the Bank offers a family of Mackenzie funds as of mid-January 2012.

All material contracts are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **11. INTERESTS OF EXPERTS**

### **11.1 Names 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**

### **12.1 Mandate of the Audit Committee**

The mandate of the Audit Committee can be found at Schedule B of this Annual Information Form.

### **12.2 Composition of the Audit Committee**

The Audit Committee of the Bank is formed of:

Richard Bélanger, Chair  
Lise Bastarache  
Michael T. Boychuk  
Isabelle Courville  
Jacqueline C. Orange

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*.

### **12.3 Relevant Education and Experience**

**Richard Bélanger, FCPA, FCA** – Mr. Bélanger is President of Toryvel Group Inc., of Doryfor Inc. and Quebec City Executive Terminal Inc., general partner of Terminal 611 LP. Prior to June 2004, he was Senior Vice-President, Eastern Operations and Corporate Development of Canfor Corporation. He has also served as, among other positions, President and Chief Executive Officer of Daaquam Lumber Inc. and Chairman and Chief Executive Officer of Produits forestiers Anticosti Inc. From 1982 to 1992, he was Managing Partner of the Bélanger, Girard, Lavoie, Mooney accounting firm, which he founded after having served as an auditor for the Raymond, Chabot, Martin, Paré accounting firm.

A chartered accountant since 1980, Mr. Bélanger was awarded the Prix Émérite and the designation Fellow by the Ordre des comptables professionnels agréés du Québec in 2004. From March 1997 to May 2012, he was a member of the Board of Directors and of the Audit Committee of Stella-Jones Inc., a publicly traded company. He is also Senior Independent Director of the Board, member of the Governance, Ethics and Compensation Committee and of the Audit Committee of Groupe WSP Global Inc., a publicly traded entity. Mr. Bélanger is a member of the Board of Directors and Audit Committee of the Bank since March 20, 2003 and Chairman of the Audit Committee since March 7, 2006. He is also a member of the Risk Management Committee.

**Lise Bastarache** – Ms. Bastarache was, until January 2015, 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. 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. As a Commercial Markets Analyst for, 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 and Audit Committee of Groupe Jean Coutu (PJC) inc. since 2003 and a member of the Board and Audit Committee of Chartwell Retirement Residences since 2005. She also acted as member of NB Power's Board 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.

**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., 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 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 serves as well on the International Advisory Committee of McGill University's Faculty of Management. Mr. Boychuck is a member of the Board and Chair of Audit Committee of GDI Integrated Facility Services inc. since May 2015 and member of the Board and Audit Committee of Telesat Canada since July 2015. He also acted as chair of the Audit Committee of Yellow Media Inc. from 2004 to 2009 and from January to December 2012.

**Isabelle Courville** – Ms. Courville is a corporate director. She sits on the Board of Directors of the Bank since March 6, 2007 and is Chair since March 19, 2013. From 2011 to 2013, Ms. Courville was President of Hydro-Québec Distribution and, from 2007 to 2011, President of Hydro-Québec TransÉnergie. From 2003 to 2006, she was President of Bell Canada's Enterprise Group and from 2001 to 2003, President and Chief Executive Officer of Bell Nordiq Group (Télébec Northern Tel).

Ms. Courville is an engineer and a lawyer by training. As President and President and Chief Executive Officer, Ms. Courville has acquired extensive experience in managing regulated, publicly traded companies and Crown corporations. She has led companies with the highest standards of corporate governance, where she developed significant expertise with respect to the presentation and analysis of financial statements and rules governing disclosure of financial information. Ms. Courville is a member of the Board of Directors and a member of the Compensation Committee of TVA Group Inc. and member of the Board of Directors and Chair of the Audit Committee of Canadian Pacific Railway Limited, as well as non-voting member of the Board of Directors of Veolia Environnement.

**Jacqueline C. Orange** – Ms. Orange is a corporate director and sits on the Board of Directors and Audit Committee of the Bank since March 11, 2008. From 1996 to 2005, she was President and Chief Executive Officer of Canada Investment and Savings, a special operating agency of the Department of Finance, Government of Canada, where she was responsible for managing \$22 billion in assets and over \$3 billion in annual sales. For the seventeen years prior, she held increasingly senior positions in the banking, trust and insurance industries. Ms. Orange is a member of the Independent Review Committee of First Trust Portfolios Canada. From 2010 to 2015, she was a member of the Board of the Public Accountants Council of the Province of Ontario and, from 2013 to 2015, Chair of the Audit Committee of same. She was also a member of the Governing Council of the University of Toronto from 1999 to 2008, where she was Chair of its Business Board from 2003 to 2007 (the Audit Committee of the University reported to the Business Board, which reviewed and accepted the financial statements).

Ms. Orange holds a Master of Business Administration degree from The Richard Ivey School of Business, University of Western Ontario. In 2008, she received the ICD.D director designation from the Institute of Corporate Directors, including completion of the Directors Education Program at the Rotman Business School of the University of Toronto.

#### **12.4 Prior Approval Policies and Procedures**

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

#### **12.5 Fees for the Services of the External Auditor (Broken Down by Category)**

The following table presents by category the fees billed by the external auditor Ernst & Young LLP for the fiscal years ended October 31, 2015 and 2014.

<b>Fee category</b>	<b>2015 (\$)</b>	<b>2014 (\$)</b>
Audit fees	2,017,000	2,141,000
Fees for audit-related services	792,000	408,000
Fees for tax services	111,000	96,000
Other fees	12,000	117,000
<b>Total</b>	<b>2,932,000</b>	<b>2,762,000</b>

“**Audit fees**” include all fees of Ernst & Young LLP for the audit of the annual consolidated financial statements, examination of the interim financial statements as well as the statutory audits and submissions related to prospectus and other offering documents.

**“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, the audit of various trusts and other entities required in the context of securitization of mortgage loans receivables, as well as the fees related to consultation regarding accounting standards and financial disclosure.

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

**“Other fees”** include all fees of Ernst & Young LLP for all services other than those mentioned above, in particular services pertaining to the improvement of the credit processes and the improvement of the management systems of the Corporate Treasury department.

### **13. ADDITIONAL INFORMATION**

Additional information relating to the Bank may be found on SEDAR ([www.sedar.com](http://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 Proxy Circular for its most recent annual meeting of shareholders that involved the election of directors.

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

Copies of this Annual Information Form, of the 2015 Annual Report and of the latest Management Proxy Circular can be obtained from the Corporate Secretary’s Office of the Bank, at 1981 McGill College Avenue, 20<sup>th</sup> Floor, Montreal, Quebec, H3A 3K3.

**SCHEDULE A**  
**Profile of activities as at October 31, 2015**

<b>Activity</b>	<b>Personal &amp; Commercial Banking</b>	<b>B2B Bank</b>	<b>Laurentian Bank Securities and Capital Markets</b>	<b>Other</b>
<b>Profile</b>	Complete line of financial products and services for retail clients by way of : <ul style="list-style-type: none"> <li>▪ 150 branches</li> <li>▪ 406 automated banking machines with an exclusive presence in the Montreal subway and with Agence métropolitaine de transport</li> </ul> Real estate financing for developers and commercial financing for small and medium-sized businesses across Canada via: <ul style="list-style-type: none"> <li>▪ 28 offices in British Columbia, Alberta, Nova Scotia, Ontario and Quebec</li> </ul>	Financial products and services offered through a network of 29,000 financial advisors and brokers throughout Canada	Capital markets activities of the Bank; integrated brokerage services for individuals and institutional investors offered by: <ul style="list-style-type: none"> <li>▪ 16 offices in Quebec, Ontario and Manitoba</li> </ul>	Services include: <ul style="list-style-type: none"> <li>▪ Treasury and Finance</li> <li>▪ Integrated Risk Management</li> <li>▪ Corporate Affairs and Human Resources</li> <li>▪ Information Technologies</li> </ul>
<b>Number of Employees (in full time equivalents)</b>	Approximately 2,150	Approximately 740	Approximately 230	Approximately 500

Activity	Personal & Commercial Banking	B2B Bank	Laurentian Bank Securities and Capital Markets	Other
<b>Summary of Products and Services</b>	<p><i>Personal Banking</i></p> <p>Transactional products, mortgage solutions, loans, lines of credit, investment products (guaranteed investment certificates, term deposits, mutual funds, etc.), VISA credit cards, debit cards and credit insurance</p> <p><i>Commercial Banking</i></p> <p>Financing for commercial real estate properties and commercial banking services to businesses across Canada</p> <p>Short and long-term financing solutions, investment products, transactional services, VISA credit cards, electronic services, foreign exchange transactions and international transaction settlement</p> <p>Equipment financing through revolving credit, leasing and conditional sales contract.</p>	<p>Offers banking products to retail clients, notably investment loans, residential mortgage loans, high-interest accounts, guaranteed investment certificates and investment accounts and services via an extensive network of financial advisors and brokers</p>	<p><b>Institutional – Fixed Income</b></p> <p>Research and trading of government and corporate securities</p> <p>Financing of governments and corporations</p> <p><b>Institutional – Equity</b></p> <p>Research and trading of securities issued by small-cap companies for portfolio managers</p> <p>Financing of small-cap companies</p> <p><b>Retail Brokerage</b></p> <p>Advisory, trading and research, as well as Immigrant-Investor Program</p> <p><b>Business Services</b></p> <p>Complete back-office administrative services</p>	

## **SCHEDULE B**

### **Mandate of the Audit Committee**

**1. Constitution**

The Audit Committee (the “Committee”) is constituted by the Bank’s 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 *Regulation 52-110 – Audit Committee*.

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 his/her periodic rotation.

- 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 this 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 arisen during meetings between the auditor and Management in the course of the audit and how those issues have been resolved, as well as to determine the extent to which accounting practices being used by the Bank are appropriate relative to the materiality of the item.
- 10.1.13 Review the external auditor's recommendation letter which follows the annual audit and the corresponding follow-ups, material 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's discussion and analysis, 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 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.
- 10.1.16 Recommend the declaration of dividends to the Board and review the related press release.
- 10.1.17 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 of each of the subsidiaries.
- 10.1.18 If applicable, review and approve transfers of tax between the Bank and its subsidiaries.
- 10.1.19 Review and approve the financial statements of the pension plans offered by the Bank to its employees.

*With respect to the internal audit function:*

- 10.1.20 Approve the charter of the internal audit function.
- 10.1.21 Approve the selection of the officer in charge of internal audit and ensure his/her competence and independence.
- 10.1.22 Ensure that internal audit activities have a sufficient status, degree of independence and visibility, and that they are subject to periodic reviews.
- 10.1.23 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.
- 10.1.24 Discuss his/her material findings and recommendations with the officer in charge of internal audit, and follow up thereon.
- 10.1.25 Periodically review the performance of the officer in charge of internal audit.

*With respect to internal controls:*

- 10.1.26 Ensure that Management implements appropriate internal control 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.
- 10.1.27 Meet with the external auditor, the officer in charge of internal audit 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.

10.1.28 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.

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

*With respect to supervisory agencies:*

10.1.30 Meet with regulatory authorities, discuss their findings and recommendations, and follow up thereon.

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 communication of financial information to the public excerpted or derived from financial statements.

10.2.3 Recommend to the Board of Directors that they approve the financial information disclosure policy and ensure 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 during the course of the annual shareholders' meeting.