Notice of Annual Meeting of Shareholders

April 7, 2020

Management Proxy Circular

YOUR VOTE IS IMPORTANT!
Please read this management proxy circular for details

LAURENTIAN BANK

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the holders of common shares ("**shareholders**") of Laurentian Bank of Canada (the "**Bank**") will be held at the Formation Room of Laurentian Bank of Canada, located at 1360 René-Lévesque Boulevard West, 5th Floor, Montréal, Quebec, H3G 0E5 on Tuesday April 7, 2020, at 9:30 a.m. (Eastern Time). At the meeting, shareholders will be asked to:

1. receive the consolidated financial statements of the Bank for the year ended October 31, 2019 and the auditor's report thereon;
2. elect directors;
3. appoint the auditor;
4. consider and, if deemed fit, adopt a resolution, on an advisory basis, regarding the approach to named executive officer compensation disclosed in the attached Management Proxy Circular;
5. consider, and if deemed fit, adopt the shareholder proposals presented for voting purposes (the text of which are set out in Schedule A of the attached Management Proxy Circular) that are properly brought before the meeting; and
6. transact such other business as may be properly brought before the meeting.

The number of eligible votes that may be cast at the meeting is 42,747,740, such number being the total number of shares of the Bank outstanding on February 7, 2020.

Please vote as early as possible so your shares are represented at the meeting. Proxies must be received by the Bank's transfer agent, Computershare Investor Services Inc., Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, no later than 5 p.m. (Eastern Time) on April 3, 2020.

Shareholder questions and assistance with voting

If you have any questions or require assistance, please contact Kingsdale Advisors, our proxy solicitation agent, by telephone at 1-888-518-1561 toll-free in North America (+1 (416)-867-2272 for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com, or your professional advisor.

By order of the Board of Directors,

Sivan Fox
Senior Vice President, Legal Affairs and Corporate Secretary

Montreal, Quebec, Canada, February 7, 2020

If you are a registered shareholder of the Bank and do not expect to be present in person at the meeting, please complete and return the enclosed form of proxy in the accompanying prepaid postage envelope or send it by facsimile toll free from Canada or the United States at 1-866-249-7775, and from any other country at (416) 263-9524. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

Dear shareholders,

On April 7, 2020, we invite you to attend Laurentian Bank of Canada's annual meeting of shareholders, to be held in the Formation Room of Laurentian Bank of Canada, located at 1360 René-Lévesque Boulevard West, 5th floor, Montréal, Quebec, H3G 0E5. This will be a unique opportunity for you to meet members of the Bank's Board of Directors (the "**Board**") and management ("**Management**"), and to obtain valuable information on our achievements and initiatives. It is also an opportunity to share your views and ideas on important issues.

At the beginning of 2016, the Bank announced the implementation of a comprehensive seven-year plan with the goal of becoming a better and different bank. As we enter the fifth year of this initiative, we are already seeing the positive, tangible results of our efforts. Transforming our financial institution, by focusing on advisory services and digital offerings, is a sound strategy and one that we can report is progressing well. During the year we achieved several key milestones: 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; the implementation of a new core banking system which will allow us to better adopt new technologies and mitigate material risks around maintaining a legacy system; and the launch of our digital platform - representing a key investment in our client relationships and paving the way for our long-term success.

The team worked through difficult and costly union negotiations with resolve which resulted in a redefined bargaining unit and the ratification of a new collective agreement. This provides us with the necessary conditions to strengthen our performance culture and achieve strategic objectives across the business. Although financial performance overall was below our targets, we recorded growth in loans to business customers and in net interest margins, while maintaining strong capital and credit quality. We encourage you to read our Annual Report, which provides further details about the Bank's financial performance for the fiscal year ended October 31, 2019.

As we look forward, sustainable growth will be driven by our ability to attract and retain a talented and engaged workforce through incentives that align the interests of our employees with those of our shareholders. Over the last year we have focused on fostering a culture of performance while enhancing transparency around our approach to compensation, the details of which are highlighted in Part E - *Executive Compensation* of this Circular. These enhancements have been made after ongoing discussions with shareholders, advocacy groups and other stakeholders to better understand what is important to them and to identify opportunities for improvement. Maintaining an open and constructive dialogue with shareholders and other stakeholders is important for the Board and we look forward to further developing these relationships over the coming year.

Aligned with the Bank's diversity and inclusion initiatives, the focus of our director recruitment and succession planning efforts is to take full advantage of the wealth of experience represented on the Board while incorporating new and complementary skill sets, perspectives and backgrounds. Accordingly, we are pleased to welcome Ms. Andrea Bolger and Mr. David Mowat who joined the Board last August. Ms. Bolger has extensive expertise in strategic direction and risk management from Canada's largest financial institution. Mr. Mowat was the CEO of ATB Financial, an Alberta-based financial institution, where he oversaw the replacement of its core banking and IT infrastructure. Their contributions enhance our discussions, strengthen the breadth and depth of expertise represented on the Board, and directly support achievement of the Bank's strategic objectives.

Please take the time to review the valuable information included in this Circular, where you will find details about the business to be conducted at the meeting, our approach to executive compensation and governance practices as well as instructions for voting. Your participation is important to us. If you cannot attend in person, please vote your shares by completing the enclosed proxy or voting instructions form as explained in Part A - *Information on Voting* of this Circular. My fellow directors and Management team look forward to welcoming you on April 7.

Sincerely,

LAURENTIAN BANK OF CANADA

Michael Mueller
Chair of the Board of Directors

Important Instructions Regarding Voting and Proxies

FOR NON-REGISTERED* SHAREHOLDERS

Voting in person - If you wish to vote in person at the meeting, please enter your own name in the appropriate space on the voting instruction form that your intermediary sent you and return it to your intermediary prior to 5 p.m. (Eastern Time) on April 3, 2020, in accordance with the instructions provided by your intermediary or the Bank's transfer agent. You must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

Voting through a proxyholder proposed on the voting instruction form - If you do not expect to be present at the meeting and wish to appoint the persons proposed as proxyholders on the voting instruction form that your intermediary sent you to represent you at the meeting, please complete the voting instruction form and return it to your intermediary, in accordance with the instructions provided. Your shares will be voted in accordance with your instructions as indicated on the voting instruction form.

Voting through a proxyholder other than a proxyholder proposed on the voting instruction form - If you do not expect to be present at the meeting and wish to appoint a person other than the persons proposed as proxyholders on the voting instruction form that your intermediary sent to you to represent you at the meeting, please enter the name of the desired representative in the appropriate space on the voting instruction form and return it to your intermediary, in accordance with the instructions provided. Your proxyholder must present himself or herself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain his or her ballot cards. Your proxyholder must have with him or her the enclosed invitation and personal identification.

In addition, we may also use the Broadridge QuickVote™ service to help non-registered beneficial shareholders vote their shares. Non-registered beneficial shareholders may be contacted by Kingsdale Advisors, our proxy solicitation agent, to obtain voting instructions directly over the telephone. Broadrige then tabulates the results of all the instructions received and provides the appropriate instructions respecting the shares to be represented at the meeting.

* If your shares are held through a securities broker, clearing agency, financial institution, trustee or custodian, you are considered a non-registered shareholder.

Please also refer to the Notice of Annual Meeting of Shareholders and Part A of the Management Proxy Circular which contain further instructions on how to appoint a proxyholder or revoke a proxy. Should you have any questions regarding voting and proxies, you may contact Computershare Investor Services Inc., Stock Transfer Service ("Computershare") by telephone at 1-800-564-6253 or by email at the following address: service@computershare.com.

FOR REGISTERED SHAREHOLDERS

Voting in person - If you wish to vote in person at the meeting, you must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

Voting through a proxyholder proposed on the enclosed form of proxy - If you do not expect to be present at the meeting and wish to appoint the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting, simply complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile toll free from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524, within the time limits indicated in the Notice of Meeting. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

Voting through a proxyholder other than a proxyholder proposed on the enclosed form of proxy - If you do not expect to be present in person at the meeting and wish to appoint a person other than the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting, please enter the name of the desired representative in the blank space provided and complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile toll free from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524, within the time limits indicated in the Notice of Meeting. Your proxyholder must present himself or herself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain his or her ballot cards. Your proxyholder must have with him or her the enclosed invitation and personal identification.

SHAREHOLDER QUESTIONS AND ASSISTANCE WITH VOTING

If you have any questions or require assistance, please contact Kingsdale Advisors, our proxy solicitation agent, by telephone at 1-888-518-1561 toll-free in North America (+1 (416) 867-2272 for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com, or your professional advisor.

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Management Proxy Circular

This document contains important information about the meeting, the Board, executive compensation and corporate governance. You are encouraged to read it in detail and exercise your vote.

References to the "**Bank**", "**we**", "**our**" or "**us**" mean Laurentian Bank of Canada and, where applicable, our subsidiaries. References to "**LBCFG**" or the "**Group**" refer to Laurentian Bank Financial Group which encompasses the Bank and its subsidiaries. References to the "**Board**" mean the Board of Directors of the Bank. References to "**shareholders**" mean common shareholders of the Bank and references to "**shares**" mean common shares of the Bank. References to "**Circular**" mean this Notice of Annual Meeting and Management Proxy Circular.

This Circular is dated as of February 7, 2020 and, unless otherwise indicated, information is presented as at that date. All dollar amounts are in Canadian dollars, unless stated otherwise.

In this document, references to the Bank's Annual Information Form are references to the Bank's Annual Information Form dated December 4, 2019, and references to the Bank's Annual Report are references to the 2019 Annual Report, both of which are available on the Bank's website and on SEDAR (System for Electronic Document Analysis and Retrieval) at www.sedar.com.

The Bank's financial information is provided in its consolidated financial statements and its management discussion and analysis for its most recently completed fiscal year. Additional information relating to the Bank is available on SEDAR at www.sedar.com and on the Bank's website. Shareholders may contact the Bank's Corporate Secretariat in writing at 1360 René-Lévesque Boulevard West, Suite 600, Montreal, Quebec, H3G 0E5, to obtain a complimentary copy of the Bank's financial statements and management discussion and analysis, or of any other document available on SEDAR that is mentioned in this Circular. The Bank's head office is located at 1360 René-Lévesque Boulevard West, Suite 600, Montreal. Quebec, H3G 0E5.

PART A - INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation of proxies by the Bank's Management to be used at the Bank's Annual Meeting of Shareholders (the "Meeting"), which will be held at the date, time and place and for the purposes set forth in the Notice of Meeting, and at any adjournment thereof. Solicitation of proxies is made primarily by mail, as well as by telephone or other personal contact by employees. The Bank has also retained Kingsdale Advisors to assist in soliciting proxies at a cost of approximately $40,000, plus out-of-pocket expenses. All solicitation costs will be borne by the Bank, and the Bank intends to pay for an intermediary to deliver the proxy-related materials to objecting beneficial owners (within the meaning attributed to such term in securities regulations).

PROXY INSTRUCTIONS

The persons proposed as proxyholders on the attached form of proxy are directors of the Bank. Subject to the restrictions described hereinafter under the heading "*Voting Securities and Principal Holders of Voting Securities*", **a registered shareholder who wishes to appoint another person to represent him or her at the Meeting may do so by entering the name of the desired representative in the blank space provided.** A representative is not required to be a Bank shareholder to act as a proxyholder.

The instrument appointing a proxyholder must be in writing and must be signed by the shareholder or by an attorney authorized in writing.

All valid proxies received by the Bank through Computershare at the address set forth in the accompanying Notice of Meeting prior to the close of business on April 3, 2020 will be used for the purposes of voting at the Meeting or any adjournment thereof, in accordance with the terms of the proxy or instructions of the shareholder as specified thereon. Notwithstanding the foregoing, the Chair of the Meeting has the sole discretion to accept proxies received after such deadline but is under no obligation to do so.

When duly signed, the enclosed form of proxy confers **discretionary authority on the persons named as proxyholders therein with respect to any matter on which no choice is specified, any amendment or variation to matters stated in the Notice of Meeting, and any other matter which may properly come before the Meeting**.

In the exercise of their discretionary authority, the proxyholders proposed on the enclosed form of proxy intend to vote:

FOR:

- **the election of each of directors;**
- **the appointment of auditor;**
- **the adoption of a resolution, on an advisory basis, regarding the approach to named executive officer compensation disclosed in this Circular; and**

AGAINST:

- **the shareholder proposals.**

The Bank received seven (7) proposals from the Mouvement d'éducation et de défense des actionnaires (MÉDAC), to be included in this Circular. MÉDAC has agreed not to submit proposal 2, proposal 6 and proposal 7 to a shareholder vote and therefore these proposals are included for information purposes only. Proposal 2, proposal 6 and proposal 7 are not part of the formal business of the meeting. All seven (7) proposals are reproduced in full, along with the Bank's responses to them in Schedule A of this Circular.

The directors and officers of the Bank are not aware of any other matter which might be submitted at the Meeting.

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it in person or through an attorney authorized in writing by signing a written instrument and depositing such instrument with the Corporate Secretary of the Bank at 1360, René-Lévesque Boulevard West, Suite 600, Montreal, Quebec, H3G 0E5, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting, or any adjournment thereof, prior to the commencement of the Meeting, or in any other manner permitted by law.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On February 7, 2020, 42,747,740 common shares of the Bank were outstanding.

Each common share entitles the registered holder thereof to one vote on each ballot taken at any general meeting of the Bank's shareholders.

The holders of common shares of the Bank may either vote for or withhold from voting regarding the election of directors and the appointment of the auditor. They may either vote for, vote against or withhold from voting on any other matter that may be properly brought before the Meeting.

Only holders of common shares registered in the Bank's registrar at the close of business on February 7, 2020, or their duly appointed proxyholders, will be entitled to attend and vote at the Meeting.

To the knowledge of the Bank's directors and officers, no shareholder directly or indirectly beneficially owns or exercises control or direction over Bank shares carrying more than 10% of the votes attached to any class of shares entitled to vote in connection with any matters being proposed for consideration at the Meeting.

The *Bank Act* (Canada) contains provisions which, under certain circumstances, restrict the exercise in person or by proxy of voting rights attached to the Bank's common shares.

Unless otherwise noted, a simple majority (more than 50%) of the votes cast at the Meeting, in person or by proxy, will decide any matter submitted to a vote.

The votes may be cast in person or by proxy.

PART B – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The Bank's consolidated financial statements for the fiscal year ended October 31, 2019 and the auditor's report thereon are included in the Annual Report mailed to shareholders on January 10, 2020. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), including the accounting requirements specified by the Office of the Superintendent of Financial Institutions ("**OSFI**").

ELECTION OF DIRECTORS

The number of directors to be elected by the shareholders has been fixed at eleven (11). The holders of common shares will elect eleven (11) directors to hold office until the close of the next annual meeting of shareholders, or until the election or appointment of their successors.

The Board has adopted a majority voting policy, which applies to all uncontested elections, under which a nominee for election as director must immediately tender his or her resignation if not elected by at least a majority (50% +1). Within 90 days of the vote, the Board must determine whether or not to accept the resignation, at a meeting in which the director in question is not present, and is required to accept the resignation absent exceptional circumstances. Such resignation is effective as soon as the Board accepts it. Following such a decision, the Bank will promptly issue a news release that shall be transmitted to the Toronto Stock Exchange (TSX), stating the decision of the Board and the reasons for their decision.

The director nominees are presented in Part C - *Director Nominees* of this Circular.

APPOINTMENT OF AUDITOR

Based on the annual assessment of the external auditor conducted by the Board's audit committee (the "**Audit Committee**"), which considered audit quality, including auditor independence, objectivity, and professional skepticism, quality of the engagement team, and Canadian Public Accounting Board (CPAB) inspection findings, the Board recommends that Ernst & Young LLP ("**Ernst & Young**") be reappointed by the shareholders as the Bank's external auditor for the 2020 fiscal year. Ernst & Young has been the external auditor of the Bank since 1990. The Board and the Audit Committee intend to initiate a tender process within the next three (3) years to coincide with the rotation of the current audit partners and completion of the Bank's seven-year strategic plan.

The auditor is to be appointed by vote of common shareholders of the Bank at the Meeting to serve as auditor until the Bank's next annual meeting of shareholders.

Auditor Independence

The Board and the Audit Committee are confident in the Bank's current processes and controls which ensure auditor independence and protect the quality of audit results. During the 2019 fiscal year, the Audit Committee conducted an annual assessment of the performance and service quality of Ernst & Young as independent auditor of the Bank. This assessment was based, among other things, on the audit plan submitted, fees paid, the nature of work conducted, and the reports presented to the Audit Committee. In addition, the Audit Committee and Board undertake a comprehensive assessment of the external auditor every five (5) years, with the last such assessment taking place in June 2018. The Audit Committee holds regular meetings with the external auditor in the absence of Management and receives annual confirmation of the external auditor's independence.

Auditor's Fees

The following table presents by category the fees billed by the external auditor Ernst & Young for the fiscal years ended October 31, 2019 and 2018.

Fee category	2019($)	2018($)
Audit fees (Note 1)	3,056,000	3,013,000
Fees for audit-related services (Note 2)	678,000	1,039,000
Fees for tax services (Note 3)	103,000	65,000
Other fees (Note 4)	228,000	45,000
Total	4,064,000	4,160,000

Note 1: "*Audit fees*" include all fees of Ernst & Young for the audit of the annual consolidated financial statements, review 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.

Note 2: "*Fees for audit-related services*" include all fees of Ernst & Young for certification services and other related services traditionally carried out by the independent auditor, which are mainly services related to the production of reports concerning the effectiveness of internal controls for contractual or commercial purposes, specified procedures related to various trusts and other entities required in the context of securitization of mortgage loans receivables and translation fees for services other than for audited financial statements and prospectuses. Services for 2018 also include specified procedures performed with regard to the Bank's detailed review of its securitized mortgage loan portfolio and portfolio insured mortgages.

Note 3: **"***Fees for tax services***"** include all fees of Ernst & Young for tax-related advice other than the time devoted to the audit or review of income taxes related to financial statements.

Note 4: **"***Other fees***"** include all fees of Ernst & Young for non-audit services other than those mentioned above.

During the 2019 fiscal year, the Audit Committee reviewed the Bank's policy regarding the pre-approval of services that may be rendered by the Bank's external auditor. This policy is described in section 12 of the Bank's Annual Information Form.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

Shareholder input is a key aspect of our engagement process, which includes inviting you attend each annual meeting to have your say on our approach to executive compensation. During the 2019 fiscal year, we introduced significant changes to our compensation strategies. Please review the "*Compensation Discussion and Analysi*s" in Part E - *Executive Compensation* of this Circular, where we describe our new approach to compensation and explain how it fosters a culture of performance that aligns with the creation of long-term shareholder value. If you have any comments or questions about our approach to executive compensation, please contact the Chair of the Board at mike.mueller@lbcfg.ca.

This vote is on an advisory basis only and does not bind the Bank's Board. The Board will take the results of the vote into account during future compensation planning. If a significant number of shares represented at the Meeting are voted against the advisory resolution, the Chair will oversee a process to better understand opposing shareholders' specific concerns.

The Board recommends that shareholders approve the following advisory resolution:

> "**IT WAS RESOLVED**, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to named executive officer compensation disclosed in the Bank's Management Proxy Circular delivered in advance of the 2020 annual meeting of shareholders of the Bank."

The result of the vote on this resolution will be announced at the end of the Meeting at the same time as the voting results on all other items on the Meeting agenda.

SHAREHOLDER PROPOSALS

The Bank received seven (7) proposals from the Mouvement d'éducation et de défense des actionnaires ("**MÉDAC**"), a shareholder of the Bank whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3. Following discussions with the Bank, MÉDAC has agreed not to submit proposal 2, proposal 6 and proposal 7 to a shareholder vote. The Bank has agreed to include these proposals for information purposes only. Proposal 2, proposal 6 and proposal 7 are not part of the formal business of the Meeting. The text of all seven (7) of the proposals and the Board's responses to them are included in Schedule A of this Circular. You may vote for, against, or abstain from voting on each of the proposals submitted for a vote. If the proposals are brought before the Meeting, the proxyholders proposed on the attached form of proxy intend to vote AGAINST the proposals, unless other instructions are indicated on the form of proxy**.**

Shareholders wishing to have a proposal included in the Bank's next management proxy circular must send the text of such proposal to the Corporate Secretariat of the Bank not later than November 9, 2020 at 5:00 p.m. (EST).

PART C – DIRECTOR NOMINEES

BOARD COMPOSITION

The number of directors to be elected at the Meeting is eleven (11). The Human Resources and Corporate Governance Committee (the "**HRCG Committee**") has recommended the following individuals for election as directors of the Bank to serve until the end of our next annual meeting of shareholders. Each nominee was elected at the Bank's 2019 meeting of shareholders with the exception of Ms. Andrea Bolger and Mr. David Mowat who were appointed to the Board on August 28, 2019.

TENURE	GENDER DIVERSITY	INDEPENDENCE	BOARD RENEWAL
The average tenure of nominees for election is **4.7 years**	**50%** of the independent nominees for election are women	Except for the President and Chief Executive Officer, all directors are **independent**	**60%** of the Board's independent directors were appointed over the last five years

The following tables provide detailed information on each of the nominees for election as directors, including their expertise, committee memberships, meeting attendance, public board memberships and voting results for last year's elections, as applicable. The profiles also include a summary of their Bank shareholdings, as well as the value of their total compensation earned in the 2019 fiscal year.

It is the intention of the persons proposed as proxyholders on the enclosed form of proxy to vote **FOR** the election of the proposed nominees named herein, unless specifically instructed on the form of proxy to withhold such vote with respect to one, several or all of the nominees. All nominees have formally established their qualification, eligibility and willingness to serve on the Bank's Board of Directors.

Lise Bastarache

Age: 56

Candiac, Quebec, Canada

Director since
March 7, 2006

Independent

2019 Annual Meeting
Votes in favour: 88.07%

Major fields of expertise:
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

Lise Bastarache is an economist and a corporate director.

Ms. Bastarache holds a master's degree and has pursued doctoral studies in Economics. From 2001 to 2005, she was Quebec Regional Vice-President, Private Banking at RBC Financial Group. From 2004 to 2007, Ms. Bastarache sat on NB Power's Board of Directors. She was also a member of the Board of Governors of the Université de Moncton and Chair of its Finance Committee from 2004 to 2013. Ms. Bastarache is currently Director and Chair of the Investment and Risk Management Committee and member of the Audit Committee of Otéra Capital Holding Inc.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Chartwell Retirement Residences	(2005 to date)	Member of the Audit Committee Member of the Investment Committee
The Jean Coutu Group (PJC) Inc.	(2003 to 2018)	

Attendance (93.33% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/8	1/1
Audit Committee	6/6	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	4,132	7,949	12,081	43.93	530,718	5,380	225%	Yes
Feb 15, 2019	4,132	5,980	10,112	44.04	445,332	5,380	188%	Yes

Value of total compensation received during the 2019 fiscal year

$119,000

Sonia Baxendale	Summary of professional experience

Sonia Baxendale is President and CEO of Global Risk Institute.

Ms. Baxendale joined the Global Risk Institute, a non-profit, public and private partnership, focused on the management of risks in financial services on January 7, 2018. Ms. Baxendale holds a B.A. degree from the University of Toronto and, in 2014, received the ICD.D Director designation from the Institute of Corporate Directors. Ms. Baxendale was President, CIBC Retail Banking and Wealth Management and Senior Executive Vice-President, from 2005 to 2011. From 1992 to 2005, Ms. Baxendale held various leadership roles at CIBC, including Senior Executive Vice-President, CIBC Wealth Management, Executive Vice-President, Asset Management, Card Products and Collections, Executive Vice-President, Global Private Banking & Investment Management Services and Managing Director, CIBC Wood Gundy. Prior to her executive positions with CIBC, Ms. Baxendale held increasingly senior positions with Amex Bank of Canada and Saatchi & Saatchi Compton Hayhurst. Ms. Baxendale is a member of the Board of Directors and Chair of the Human Capital and Governance Committee and member of the Audit and Compliance Committee of Foresters Financial. She is also a member of the Board of Directors of both the Hospital for Sick Kids Foundation and the Toronto Artscape Inc.

Age: 57

Toronto, Ontario, Canada

Director since
August 31, 2016

Independent

2019 Annual Meeting
Votes in favour: 94.56%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years		Current Role on Boards and Committees
RSA Insurance Group plc	(2019 to date)	Member of the Audit Committee Chair of the Investment Committee
CI Financial Corp.	(2013 to 2018)	

Attendance (100% Overall)		
Member of board/committees (note 2)	**Regular**	**Special**
Board of Directors	8/8	1/1
Audit Committee	3/3	—
Risk Management Committee	5/5	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	2,300	7,927	10,227	43.93	449,272	5,797	176%	Yes
Feb 15, 2019	2,300	5,011	7,311	44.04	321,976	5,797	126%	Yes

Value of total compensation received during the 2019 fiscal year

$134,449

Andrea Bolger	Summary of professional experience

Andrea Bolger is a corporate director.

Ms. Bolger is currently a member of the board of directors of Knowledge First Foundation where she chairs the Governance Committee; the board of directors and chair of the Finance and Audit Committee of the Capital Markets Authority Implementation Organization which is charged with implementing the new Capital Markets Regulatory Authority; and is also on the board of directors of Equitable Life Insurance Company of Canada and Genworth MI Canada Inc. Ms. Bolger is a former senior executive at Royal Bank of Canada, serving in a variety of senior executive positions. She has also served as Chair of the board of directors and Chair of the Audit and Risk Committee of Moneris Solutions and was a long-time member of the boards of directors of The Children's Aid Foundation and the Canadian Chamber of Commerce. Ms. Bolger holds a Bachelor of Commerce degree, Honours Finance, from Carleton University and a Masters of Business Administration degree from Concordia University. She also received the ICD.D Director designation from the Institute of Corporate Directors at the Rotman Business School of the University of Toronto.

Age: 61

Toronto, Ontario, Canada

Director since
August 28, 2019

Independent

2019 Annual Meeting
Votes in favour: N/A

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Legal / Regulatory Affairs / Compliance
- Financial and Banking Services

Reporting Issuer during the last five years		Current Role on Boards and Committees
Genworth MI Canada Inc.	(2016 to date)	Member of the Audit Committee Member of the Compensation and Nominating Committee

Attendance (100% Overall)		
Member of board/committees	**Regular**	**Special**
Board of Directors (Note 4)	2/2	—
Risk Management Committee (Note 5)	—	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	1,490	811	2,301	43.93	101,083	7,431	30%	Recently appointed

Value of total compensation received during the 2019 fiscal year

$19,449

Michael T. Boychuk, FCPA, FCA

Age: 64

Baie d'Urfé, Quebec, Canada

Director since August 30, 2013

Independent

2019 Annual Meeting
Votes in favour: 91.74%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

Michael T. Boychuk is a corporate director.

A chartered professional accountant since 1979, Mr. Boychuk became a Fellow of the Ordre des comptables professionnels agréés du Québec in 2012. From July 2009 until his retirement in June 2015, he was President of Bimcor Inc., the pension fund investment manager for the BCE Inc./Bell Canada group of companies. From 1999 to 2009, he was Senior Vice-President and Treasurer of BCE Inc./Bell Canada, responsible for all treasury, corporate security as well as environment and sustainability activities, and for the BCE Group of companies' pension plans. Mr. Boychuk is a member of the Board of Governors and Member of McGill University's Audit Committee. 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 of The Cadillac Fairview Corporation Limited. He sits on the Investment Committee of the J.W. McConnell Family Foundation and the Nunavut Trust.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Telesat Canada (U.S. S.E.C.)	(2015 to date)	Member of the Audit Committee
GDI Integrated Facility Services Inc.	(2015 to date)	Chair of the Audit Committee
Corus Entertainment Inc.	(2019 to date)	Member of the Audit Committee Member of the Human Resources Committee

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	8/8	1/1
Audit Committee (Chair)	6/6	—
Risk Management Committee	5/5	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	1,421	12,495	13,916	43.93	611,330	5,380	258%	Yes
Feb 15, 2019	1,413	9,262	10,675	44.04	470,127	5,380	197%	Yes

Value of total compensation received during the 2019 fiscal year

$146,500

François Desjardins

Age: 49

Toronto, Ontario, Canada

Director since November 1, 2015

Non-independent

2019 Annual Meeting
Votes in favour: 95.91%

Major fields of expertise:
- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Technology / Real Estate / Project Management
- Financial and Banking Services

Summary of professional experience

François Desjardins is President and Chief Executive Officer of the Bank.

Member of the Executive Committee since 2007 and with the Bank since 1991, Mr. Desjardins holds a Bachelor's degree in Business Administration. He has held several positions with Retail Services and B2B Bank throughout his career. As President and Chief Executive Officer of B2B Bank, Mr. Desjardins was responsible for financial services offered through independent financial advisors and mortgage brokers throughout Canada. As Executive Vice-President, Retail Services, he was responsible for the Retail Services sector. He was named Chief Operating Officer of the Bank on February 28, 2015 and became President and Chief Executive Officer on November 1, 2015.

Reporting Issuer during the last five years	Current Role on Boards and Committees
None	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	8/8	—

Securities held

The minimum share ownership requirements for Mr. Desjardins are those that apply to executive officers of the Bank, as is more fully described in the "*Minimum Share Ownership Requirements*" section, under Part E - *Executive Compensation* of this Circular.

Value of total compensation received during the 2019 fiscal year

Mr. Desjardins does not receive any compensation as a director.

A. Michel Lavigne, FCPA, FCA

Age: 69

Laval, Quebec, Canada

Director since
March 19, 2013

Independent

2019 Annual Meeting
Votes in favour: 89.93%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Summary of professional experience

A. Michel Lavigne is a corporate director.

Fellow of the Ordre des comptables professionnels agréés du Québec and member of the Canadian Institute of Chartered Accountants, Mr. Lavigne was partner from 1986 to 2005 at Raymond Chabot Grant Thornton, of which he was President and Chief Executive Officer from 2001 to 2005. Mr. Lavigne served on the Board of Directors of Canada Post Corporation until May 2018 and he was Chair of the Pension Committee and a member of the Audit Committee. He also served on the following Boards of Directors: Quebecor Media Inc. (was member of the Audit Committee and Chair of the Compensation Committee), and Videotron Ltd (was member of the Audit Committee). Mr. Lavigne also served on the Board of Directors and was a member of the Audit Committee of the Caisse de dépôt et placement du Québec from 2005 to 2013 and Chair of said committee from 2009 to 2013; he was also a member of the Caisse's Risk Management Committee from 2009 to 2013.

Reporting Issuer during the last five years		Current Role on Boards and Committees
TVA Group Inc.	(2005 to date)	Member of the Audit Committee Member of the Human Resources and Corporate Governance Committee
Quebecor Inc.	(2013 to 2016)	

Attendance (93.75% Overall)

Member of board/committees	Regular	Special
Board of Directors	8/8	1/1
Human Resources and Corporate Governance Committee	7/7	—
Special Committee - Governance (Note 3)	—	2/2

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	7,945	6,481	14,426	43.93	633,734	5,380	268%	Yes
Feb 15, 2019	7,483	5,197	12,680	44.04	558,427	5,380	236%	Yes

Value of total compensation received during the 2019 fiscal year

$128,730

David Morris, CPA, Auditor, CA

Age: 66

Beaconsfield, Quebec, Canada

Director since
October 31, 2017

Independent

2019 Annual Meeting
Votes in favour: 96.09%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Financial and Banking Services
- Financial Markets / Treasury

Summary of professional experience

David Morris is a corporate director.

Chartered professional accountant since 1975. Mr. Morris is a member of the Canadian Institute of Chartered Accountants. Mr. Morris recently retired as a senior audit partner at Deloitte LLP after serving over 41 years with the firm. He graduated from McGill University. Mr. Morris was an audit partner serving large global financial institutions in the Banking and Insurance industries. Since 2016, he sits on the Board of Directors of ECN Capital Corp. and chairs it Audit Committee.

Reporting Issuer during the last five years		Current Role on Boards and Committees
ECN Capital Corp.	(2016 to date)	Chair of the Audit Committee

Attendance (93.33% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/8	1/1
Audit Committee	6/6	—
Special Committee - Governance (Note 3)	—	2/2

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	1,000	4,907	5,907	43.93	259,495	4,750	124%	Yes
Feb 15, 2019	1,000	2,418	3,418	44.04	150,529	4,750	72%	Recently appointed

Value of total compensation received during the 2019 fiscal year

$119,041

David Mowat

Age: 64

Edmonton, Alberta, Canada

Director since August 28, 2019

Independent

2019 Annual Meeting
Votes in favour: N/A

Major fields of expertise:
- Financial Expertise
- Risk Management
- Corporate Social Responsibility and Sustainability
- Human Resources / Compensation
- Financial and Banking Services

Summary of professional experience

David Mowat is a corporate director.

He was President and CEO of ATB Financial 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. David 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. In 2014, David was selected by Alberta Venture Magazine as Alberta's Business Person of the Year. He received the ICD.D Director designation from the Institute of Corporate Directors including the completion of Directors Education Program. Mr. Mowat is the Chair of the Audit Committee of Telus Communications Inc. and is also a Director of Alberta Blue Cross and the Alberta Petroleum Marketing Commission.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Telus Corporation	(2016 to date)	Chair of the Audit Committee

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors (Note 4)	2/2	—
Audit Committee (Note 6)	—	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	0	638	638	43.93	28,027	7,431	9%	Recently appointed

Value of total compensation received during the 2019 fiscal year

$19,449

Michael Mueller

Age: 60

Toronto, Ontario, Canada

Director since December 17, 2018

Independent

2019 Annual Meeting
Votes in favour: 92.05%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial Markets / Treasury

Summary of professional experience

Michael Mueller is a corporate director.

Mr. Mueller was the Chairman of PSP Investments (Public Sector Pension Investment Board) until January 2018. Mr. Mueller is currently Chairman of Revera. He is also on the board of Medexus Pharmaceuticals, Gensource Potash Corp., Smarter Alloys Inc. and Emily's House. From 2003 to 2005, he was President and Chief Executive Officer of MDS Capital Corporation. Prior to that, Mr. Mueller held a series of senior positions at TD Bank Financial Group, including Senior Vice President and Country Head of its USA Division, Executive Vice President of Global Credit and Vice Chairman and head of Global Investment Banking. Mr. Mueller is a former Director of Mercal Capital Corporation, MDS Capital Corporation, the Canadian Medical Discoveries Funds I and II, the British Columbia Medical Innovations Fund and Medical Discoveries Management Corporation and Health Ventures. Mr. Mueller holds a Masters of Business Administration degree, International Finance from York University and a Bachelor of Science degree from University of Western Ontario.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Gensource Potash Corporation	(2018 to date)	Member of the Compensation Committee
Medexus Pharmaceuticals Inc. (formerly Pediapharm Inc.)	(2014 to date)	Chair of the Audit Committee Member of the Compensation Committee
Mercal Capital Corp. / Eureka 93 Inc.	(2015 to 2019)	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	1/1

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/ DSUs	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	0	6,385	6,385	43.93	280,493	8,850	72%	Recently appointed
Feb 15, 2019	0	0	0	44.04	—	8,850	No	Recently appointed

Value of total compensation received during the 2019 fiscal year

$204,235

Michelle R. Savoy

Age: 60
Toronto, Ontario, Canada

Director since
March 20, 2012

Independent

2019 Annual Meeting
Votes in favour: 91.57%

Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Summary of professional experience

Michelle R. Savoy is a corporate director.

Ms. Savoy is the former President of Capital Guardian (Canada) Inc., a subsidiary of The Capital Group of Companies, a global investment management organization. During her 27-year career in financial services, Ms. Savoy held numerous senior global executive leadership roles in the investment management and capital markets industries with responsibilities in strategic planning, marketing, client relationship management, business development and information technology. She currently serves as Director of Nav Canada (Chair of the Pension Committee and member of the Governance Committee). Ms. Savoy is also a member of the Investment Committee of the Toronto General & Western Hospital Foundation. Ms. Savoy is a former Director of Ontario Public Service Pension Board. Ms. Savoy holds a Bachelor of Business Administration from University of Ottawa and received the ICD.D Director designation from the Institute of Corporate Directors, including completion of the Director's Education Program at the Rotman Business School of the University of Toronto.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Pizza Pizza Royalty Corporation	(2015 to date)	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	8/8	1/1
Risk Management Committee	5/5	—
Human Resources and Corporate Governance Committee (Chair)	7/7	—
Special Committee - Governance (Chair) (Note 3)	—	2/2

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	5,909	9,276	15,185	43.93	667,077	5,380	282%	Yes
Feb 15, 2019	5,412	6,764	12,176	44.04	536,231	5,380	226%	Yes

Value of total compensation received during the 2019 fiscal year

$137,845

Susan Wolburgh Jenah

Age: 64

Toronto, Ontario, Canada

Director since
December 9, 2014

Independent

2019 Annual Meeting
Votes in favour: 94.52%

Major fields of expertise:
- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Legal and Regulatory Affairs
- Financial Markets / Treasury

Summary of professional experience

Susan Wolburgh Jenah is a corporate director and lawyer by training.

She brings over 30 years of domestic and international regulatory experience and capital markets and financial services industry knowledge. She was recognized with the Osgoode Hall Alumni Award for Achievement in 2011 and received her ICD.D designation from the Institute of Corporate Directors in 2004. Until October 2014, Ms. Wolburgh Jenah served as the inaugural President and CEO of the Investment Industry Regulatory Organization of Canada (IIROC), the national self-regulatory body that regulates all investment dealers and oversees trading on the Canadian debt and equity markets. She joined the Investment Dealers Association (IDA) in early 2007 as President and CEO and successfully merged the IDA and Market Regulation Services Inc. to create IIROC in 2008. Prior to this, she had an accomplished career with the Ontario Securities Commission from 1983 to 2007. Ms. Wolburgh Jenah is a member of the Board of Governors and Regulatory Policy Committee of the U.S. Financial Industry Regulatory Authority (FINRA) and Chair of its Regulatory Operations Oversight Committee; Chair of the Nomination and Governance Committee and member of the Regulatory Oversight Committee of Aequitas Neo Exchange and member of the Aequitas Innovations parent company Board; and member of the Independent Review Committee of Vanguard Investments Canada Inc. Ms. Wolburgh Jenah also serves as Vice-Chair of the Humber River Hospital Board.

Reporting Issuer during the last five years		Current Role on Boards and Committees
Hydro One Limited	(2020 to date)	Member of the Governance Committee
Aecon Group Inc.	(2016 to date)	Member of the Audit Committee Chair of the Corporate Governance, Nominating and Compensation Committee

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	8/8	1/1
Risk Management Committee	5/5	0
Human Resources and Corporate Governance Committee	3/3	0
Special Committee - Governance (Note 3)	—	2/2

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value ($)	Total value of common shares and DSUs ($)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 7, 2020	1,237	10,234	11,471	43.93	503,921	5,380	213%	Yes
Feb 15, 2019	1,237	7,146	8,383	44.04	369,187	5,380	156%	Yes

Value of total compensation received during the 2019 fiscal year

$123,254

Note 1: New rules on share ownership were adopted on May 1, 2016. Each director must hold at least three times his/her fixed compensation in common shares and/or Deferred Share Units. The minimum holding is based on the closing price of the common shares of the Bank on the Toronto Stock Exchange as at October 31, 2015, except for Ms. Baxendale, Mr. Morris, Mr. Mueller, Ms. Bolger and Mr. Mowat whose minimum holdings are based on the closing price of the common shares of the Bank on said Exchange as at the dates they were appointed, i.e. August 31, 2016, October 31, 2017, December 17, 2018, August 28, 2019 and August 28, 2019, respectively.

Note 2: Ms. Baxendale was appointed to the HRCG Committee on October 30, 2019.

Note 3: A Special Committee - Governance was in place from August 3, 2018 to December 17, 2018 to oversee the succession planning of the Chair of the Board.

Note 4: Ms. Bolger and Mr. Mowat were appointed on August 28, 2019.

Note 5: Ms. Bolger was appointed to the Risk Management Committee on October 30, 2019.

Note 6: Mr. Mowat was appointed to the Audit Committee on October 30, 2019.

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 subject to 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 was held on January 27, 2020 and a decision is pending.

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

The HRCG Committee is responsible for reviewing director compensation and recommending to the Board the amount and structure of director compensation. The compensation of the Bank is designed to attract and retain qualified individuals to serve as directors of the Bank and to compensate such individuals appropriately for the time and effort they devote to overseeing the effective operation of the Bank. It is also designed to be consistent with the interests of shareholders and to reflect best practices. The HRCG Committee has the authority to engage the services of consultants, including compensation consultants or advisors, as it deems necessary or desirable to carry out its responsibilities. The HRCG Committee reviews director compensation on a biennial basis to ensure that the compensation meets the stated objectives. The structure of director compensation was last modified on May 1, 2018, following a review by independent advisor Hexarem of market competitive board compensation practices at similarly-sized Quebec-based companies from all industries and at similarly-sized Canadian companies from the financial services sector.

	Annual compensation
Per annum fixed compensation for all directors	$110,000 (including $55,000 in the form of deferred share units)
Per annum fixed compensation for the Chair of the Board	$170,000 (including $85,000 in the form of deferred share units)
Per annum fixed compensation for the Chair of a permanent committee	$20,000
Per annum fixed compensation per committee on which a director sits, with the exception of the Chair of the Board	$7,500

Directors receive no other fees for attending Board or committee meetings. Directors who are required to participate on behalf of the Bank in training sessions offered by the Bank receive an additional compensation of $1,500 per training session. Directors are entitled to the reimbursement of their hotel and travel expenses upon presentation of supporting documentation. Directors who are officers of the Bank are not entitled to any compensation as directors whereas directors who are not officers are ineligible for stock options or any other incentive compensation program of the Bank.

COMPENSATION IN THE FORM OF SHARES OR DEFERRED SHARE UNITS

Each director receives a portion of his /her annual compensation from the Bank in the form of deferred share units (DSUs). The purpose of DSUs is to promote a greater alignment of long-term interest between directors and shareholders of the Bank by linking a portion of annual director compensation to the future value of the Bank's common shares and to enhance the Bank's ability to attract and retain talented individuals to serve as directors.

Furthermore, a director may elect each year to receive all or part of the balance of his/her compensation from the Bank in the form of issued common shares and/or DSUs. This election may be changed at any time and takes effect on the next quarterly compensation payment date. The number of the common shares to be issued is determined on the basis of the market price of the Bank at the time of payment to the director.

A DSU is a unit whose value is equivalent to the value of a common share of the Bank and takes into account events affecting the security (e.g. stock split, exchange of shares, etc.). DSUs cannot be converted until a director leaves the Board, at which time they are paid either in cash or in common shares, but not later than December 31 of the year following the year of departure from the Bank. The number of DSUs awarded is established by dividing the amount payable to the director by the average market price of the Bank's common shares during the period defined in the DSU plan. DSUs also entitle their holders to an amount equal to dividend payments on common shares of the Bank, which amount is paid in the form of additional DSUs. This plan has been in force since February 1, 2000.

OWNERSHIP REQUIREMENTS

Each director must hold at least 3 times his/her fixed compensation, including director retainer and additional chair of the Board retainer, in the form of shares and/or DSUs of the Bank within five years of being nominated to the Board.

As at February 7, 2020, all directors exceeded the target minimum ownership requirement, except for recently appointed directors: Mr. Mueller (72% of target, appointed on December 17, 2018), Ms. Andrea Bolger (30% of target, appointed on August 28, 2019) and Mr. David Mowat (9% of target, appointed on August 28, 2019).

The number of shares and/or DSUs held by each proposed nominee for election as director is indicated in Part C - *Director Nominees* of this Circular. Mr. Desjardins is subject to minimum share ownership requirements as President and Chief Executive Officer of the Bank, as is further described in Part E - *Executive Compensation* of this Circular.

DIRECTORS' COMPENSATION TABLE

The following table presents a summary of the compensation provided during the last fiscal year to each director who is not an officer of the Bank:

					Portion of Total Compensation Allocated to Cash and Shares/DSUs	
	Board retainers ($)	Committees retainers ($)	Other Compensation ($)	Total Compensation ($)	Paid in Cash ($)	Paid in Shares/DSUs ($)
Lise Bastarache	110,000	7,500	1,500	119,000	64,000	55,000
Sonia Baxendale	110,000	22,949	1,500	134,449	39,725	94,724
Andrea Bolger (Note 1)	19,429	20	0	19,449	4,877	14,572
Michael T. Boychuk	110,000	35,000	1,500	146,500	45,750	100,750
Gordon Campbell (Note 2)	48,511	3,308	0	51,819	0	51,819
Isabelle Courville (Note 2)	99,228	0	0	99,228	0	99,228
François Desjardins (Note 3)	0	0	0	0	0	0
Michel Labonté (Notes 2 and 4)	48,511	16,401	0	64,912	966	63,946
A. Michel Lavigne (Note 4)	110,000	17,230	1,500	128,730	73,730	55,000
David Morris (Note 4)	110,000	7,541	1,500	119,041	30,633	88,408
David Mowat (Note 1)	19,429	20	0	19,449	4,877	14,572
Michael Mueller (Note 5)	202,735	0	1,500	204,235	0	204,235
Michelle R. Savoy (Note 4)	110,000	26,345	1,500	137,845	37,826	100,019
Susan Wolburgh Jenah (Note 4)	110,000	11,754	1,500	123,254	32,740	90,514

Note 1: Ms. Bolger and Mr. Mowat became directors on August 28, 2019.

Note 2: Mr. Campbell, Ms. Courville and Mr. Labonté ceased to be directors on April 9, 2019.

Note 3: Mr. Desjardins does not receive any compensation for acting as a director of the Bank.

Note 4: On August 3, 2018, the Board approved the creation of a Special Governance Committee to recruit a new Chair of the Board. Annual compensation was approved as follows: $20,000 for the Chair of the committee and $7,500 for each of the other committee members. For the last fiscal year, compensation was paid on a *pro rata* basis for the period from November 1, 2018 to December 17, 2018.

Note 5: Mr. Mueller received compensation for acting as Vice-Chair of the Board for the period of December 17, 2018 to April 9, 2019 and compensation for acting as Chair of the Board for the period of April 9, 2019 to October 31, 2019.

PART E – EXECUTIVE COMPENSATION

HUMAN RESOURCES AND CORPORATE GOVERNANCE COMMITTEE LETTER TO SHAREHOLDERS

Dear fellow shareholders,

The HRCG Committee oversees our approach to compensation on behalf of the Board to create alignment with the Bank's evolving strategic objectives and the interests of shareholders. During 2019, as detailed below, we continued to engage with the Bank's shareholders on executive compensation and other corporate governance priorities because we value our shareholders' input, we believe in good governance and we are committed to take action whenever we find room for improvement.

Input from our shareholders was duly considered and much appreciated as the HRCG Committee worked on their behalf to ensure that our compensation practices appropriately motivate the key employees responsible for achieving the Bank's strategic objectives, driving sustainable growth and enhancing long-term shareholder value within our risk appetite framework.

Supporting Disciplined Progress

During the year, we awarded the first PSU and stock option grants as per our new, simpler, long-term incentive program fully aligned with best practices and shareholders' expectations. We also worked to noticeably improve other components of our approach to executive compensation. We are pleased to share with you that in 2019 we:

- Realigned our executive compensation reference group to ensure that each selected peer company is similar to the Bank in terms of size and market position; and
- Improved the individual performance factor design in our short-term incentive plan.

As a result, we trust that our shareholders will be comfortable with each peer company we benchmark executive compensation against and find tighter linkages between short-term incentive payouts and annual performance.

2019 Bank Performance and Pay

The 2019 fiscal year was one of continued transformation for the Bank. We implemented a new core banking system, phased out tellers at most of our branches to focus on advice, renewed our labour relations environment to better serve our customers, drive efficiencies and promote individual performance, and launched our fully digital offering.

Our financial performance was below targets. Our 2019 operating results and operating performance indicators were lower than in 2018. During this challenging year, we nevertheless recorded growth in loans to business customers and in net interest margins, while maintaining strong capital and credit quality.

Upon recommendation of the HRCG Committee, the Board approved the following named executive officer ("**NEO**") compensation outcomes in 2019:

- 2019 short-term incentives ("**STI**") awards at 71.1% of target for all NEOs based on the Bank's financial performance;
- 2016-2019 Performance Share Units ("**PSUs**") vesting at 81% of the target as a result of 3-year total shareholder return ("**TSR**") performance; and
- No increase to base salaries and incentive targets for NEOs in 2020 despite notable individual achievements by each of our NEOs.

2019 CEO Compensation

Mr. Desjardins earned total direct compensation of $2,824,961 for the 2019 fiscal year, which is 94% of his target for the year. This represents a 4% reduction in direct compensation when compared to 2018. This is explained by changes to our compensation policies implemented during the 2019 fiscal year and by the Bank's performance which was calculated at 71.1% of target with respect to short-term financial goals.

Mr. Desjardins' total direct compensation included a base salary of $600,000, which was unchanged from 2018, a short-term incentive award with a value of $426,600, which is 71.1% of his target, and long-term incentives totalling $1,800,000 comprised of PSUs (70%) and stock options (30%). PSUs remain subject to vesting conditions based on relative total shareholder return and absolute return on equity to further support the alignment with long-term shareholder interests.

The HRCG Committee and the Board believe that their decisions on Mr. Desjardins' pay are supported by his continued leadership during a difficult and transformative period for the Bank.

Shareholder Engagement

Shareholder input is an important consideration in our approach to executive compensation. This includes inviting you to attend each annual meeting to have your say on our practices through an advisory vote that provides valuable information to the Board for future compensation planning. Feedback is also obtained from meetings with institutional shareholders, by email or telephone from retail shareholders, and through regular communications with proxy advisory firms, shareholder advocacy groups and other stakeholders.

The Board is committed to understanding and balancing the views and interests of our stakeholders. Accordingly, outreach is a top priority. Since last year's meeting, we reached out to 25 of our largest institutional shareholders. They own over 40% of shares outstanding and over 90% of total institutional shareholdings. Over one-third accepted our invitation for dialogue. We also engaged in meetings with various proxy advisory firms, advocacy groups and other stakeholders.

Our outreach initiatives included discussions on diverse issues including executive compensation, board diversity and renewal, environmental, social and governance matters and cybersecurity. Together with Management we have worked over the year to be responsive to shareholder concerns and to improve our executive compensation approach, governance practices and disclosure. We value the feedback we receive and would encourage you to provide your comments, suggestions or questions by email to the Bank's Corporate Secretary at corporate_secretariat@lbcfg.ca, directly to the Chair of the Board at mike.mueller@lbcfg.ca or by mail at 1360 René-Lévesque Boulevard West, Suite 600, Montreal. Quebec, H3G 0E5.

On behalf of the HRCG Committee and the Board, I encourage you to take some time to read the compensation discussion and analysis and invite you to vote on our approach to executive compensation at this year's annual meeting.

Sincerely,

Michelle R. Savoy
Chair of the Human Resources and Corporate Governance Committee

COMPENSATION DISCUSSION AND ANALYSIS

The Bank's executive compensation program is designed to attract, retain, and reward an experienced team of executive officers who are responsible for execution of the Bank's strategic objectives, driving sustainable growth and creating long-term value for shareholders.

Below, you will find a discussion of the Bank's approach to compensation including information about our compensation practices, the market research, policies, and methods used in determining compensation, and detailed information regarding the structure and awards for the following NEOs of the Bank:

- François Desjardins, President and Chief Executive Officer;
- François Laurin, Executive Vice President, Finance, Treasury and Chief Financial Officer;
- Deborah Rose, Executive Vice President, Chief Operating Officer and Chief Information Officer;
- Stéphane Therrien, Executive Vice President, Personal & Commercial Banking; and
- William Mason, Executive Vice President and Chief Risk Officer.

Compensation Governance

The Board is responsible for overseeing the Bank's compensation principles, policies, programs and decisions. The HRCG Committee, which is comprised of independent directors, supports the Board in this work with the advice of external independent compensation advisors, as needed. Among other things, the HRCG Committee:

- Reviews and recommends for Board approval, an Executive Compensation Policy (the "**Compensation Policy**") which establishes a framework for the Bank's compensation practices;
- Approves all elements related to compensation, including individual and financial objective setting, incentive programs design, long-term incentive grants and pension & benefits programs;
- Discusses the performance evaluations of those who report directly to the Bank's President and CEO and makes recommendations to the Board regarding the performance evaluation of the President and CEO; and
- Approves the disclosure of executive compensation.

Please refer to Part F - *Corporate Governance* for a description of the HRCG Committee mandate.

Management supports the HRCG Committee in its oversight of executive compensation by developing compensation policies, practices and programs to support the Bank's needs and regulatory requirements. The Senior Vice President, Human Resources, advises the CEO and the HRCG Committee on compensation recommendations for executives. In addition, the CEO and the Senior Vice President, Human Resources attend meetings of the HRCG Committee but do not have the right to vote on any matter. Other senior officers may also attend for parts of a meeting for presentation purposes. No executive officer, including the CEO, is present when decisions regarding compensation are made.

Human Resources and Corporate Governance Committee

The Board recognizes the importance of appointing individuals to the HRCG Committee who have the necessary background and the competencies to fulfill the committee's obligations to the Board and shareholders with respect to executive compensation, and risk management. Accordingly, members of the HRCG Committee have been selected to ensure the committee has the knowledge, skills, and experience required to make informed inquiries and decisions on the suitability of the Bank's compensation policies and practices. All members of the HRCG Committee have significant expertise in executive compensation and human resources gained as senior leaders and directors of other organizations. This experience includes the following:

Specific Experience or Expertise	Number of HRCG Committee Members
Human resources Experience with compensation, pension and benefit programs (in particular, executive compensation)	4 of 4
Risk management Knowledge and experience with internal risk controls, risk assessments and reporting	4 of 4
Executive leadership Experience as a senior executive/officer of a public company or major organization	4 of 4

The HRCG Committee is comprised of Michelle R. Savoy (Chair), Sonia Baxendale, A. Michel Lavigne and Susan Wolburgh Jenah. All members are independent within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*. Additional information regarding the HRCG Committee members standing for re-election as directors is provided in Part C - *Director Nominees* of this Circular.

The HRCG Committee adheres to various governance best practices to ensure the effective oversight of the Bank's compensation framework, including holding in camera sessions in the absence of Management during each committee meeting.

Independent Advice

External advisors are retained regularly to provide an external perspective relating to compensation plan best practices, design and governance and to analyze and compare the target compensation of the Bank's executives against an appropriately constituted reference group. Since 2017, the HRCG Committee has retained Hexarem, which has extensive executive compensation expertise, to provide independent advice with respect to our compensation practices. Information regarding the fees paid to Hexarem is disclosed below.

Advisor	Executive Compensation-Related Fees ($)		All Other Fees ($)	
	2019	2018	2019	2018
Hexarem	78,914	128,189	—	—

Summary of Compensation Policies and Practices

The Bank's executive compensation program is designed to compensate employees on the basis of corporate and individual performance, with a focus on sustainable growth and the creation of long-term shareholder value. As further discussed below, the components of the compensation program form a comprehensive strategy for achieving the following objectives:

1. To attract and retain qualified management;
2. To compensate executives at a level competitive with the Bank's peers;
3. To motivate performance by linking compensation to the achievement of business objectives, financial performance and individual performance;
4. To link the interests of the NEOs with those of shareholders; and
5. To mitigate risk.

Following approval of the compensation framework by shareholders at the last annual meeting, the Bank implemented the changes to executive compensation design in 2019. These changes simplify the Bank's compensation program and link compensation more closely to the achievement of financial objectives. In addition to the focus on performance-based incentives, the HRGC Committee in conjunction with the Risk Management Committee of the Board, considers the risks associated with the Bank's compensation policies, programs and practices in the course of reviewing and recommending to the Board the compensation of the NEOs. The Bank's compensation approach incorporates features designed to mitigate risk without diminishing the incentive nature of compensation, and encourages and rewards prudent business judgment and appropriate risk taking over the long term. As further described below, examples of such risk mitigation strategies include deferred vesting of a portion of the short-term incentives, the use of long-term incentives which vest only upon the achievement of performance-based and time-based criteria, executive share ownership and hold guidelines and anti-hedging and clawback policies, all of which ensure alignment with shareholder interests over the long term.

Our approach aligns compensation practices with performance and reinforces a strategy-driven and risk-controlled approach:

What we do

- Provide shareholders with opportunity to vote on an advisory "Say on Pay" resolution regarding our approach to executive compensation;
- Review the calculation of short and long-term variable compensation based on complementary financial and non-financial metrics;
- Align the Bank's compensation programs with its corporate strategy through short- and long-term strategic goals;
- Ensure that a significant proportion of compensation is conditional on the performance of the Bank and the individual;
- Assess target compensation for executive officers with reference to an appropriate and representative peer group of similarly sized organizations from the Canadian financial services sector;
- Review the information on organizations used in the Bank's peer group for benchmarking purposes;
- Retain an independent compensation advisor to obtain necessary information about trends and best practices on compensation policies and programs;
- Tie a majority of senior executives' compensation to shareholders' return;
- Defer a substantial portion of incentives for employees whose actions may have a material impact on the Bank's risk profile to ensure they are accountable for decisions that may entail greater long-term risk;
- Link the vesting long-term incentive awards to the achievement post-grant long-term performance goals, with the results that 70% of NEO and 80% of CEO target total direct compensation is at risk;
- Require substantial minimum share ownership at the senior management level, and for the CEO extending 12 months following retirement;
- Include relative and absolute performance vesting conditions in the design of the PSUs;
- Require our CEO to hold stock option gains in shares for a minimum of 12 months;
- Test compensation awards for appropriate alignment between pay and performance under several outcome scenarios;
- Defer vesting of share units until after retirement;
- Have a clawback policy that allows the Bank to recoup incentive compensation payments;

- Subject equity incentives to a “double trigger” which means that vesting periods may only be accelerated if an executive is terminated without cause within 12 months after a change of control; and
- Cap annual incentive payouts and PSU payouts.

What we don’t do

- Guarantee bonuses;
- Guarantee minimum vesting on our PSUs;
- Allow for the repricing or backdating of stock options;
- Have single-trigger change of control benefits;
- Permit hedging or pledging of equity holdings;
- Have excessive perquisites; or
- Excessively dilute shareholders equity due to long-term incentive programs.

2019 Compensation Peer Group and Benchmarking

In order to maintain compensation aligned with the market, and best practices, the Bank regularly retains independent external advisors to conduct a survey of a reference market composed of Canadian companies operating in its sector.

In the 2019 fiscal year, the HRCG Committee retained Hexarem to review the selection criteria used to identify an appropriate reference group for benchmarking purposes (the "**peer group**"). The goal of the review was to establish a peer group more reflective of the Bank's market position, profile and executive talent pool.

The selection criteria used to determine the 2019 peer group are as follows:

- Canadian companies in the financial services sectors;
- Comparable in size and scope; and
- Reflective of the executive talent pool of the Bank.

The resulting 2019 peer group is comprised of 13 comparator companies:

Organizations	Publicly Traded Companies	Financial Industry		
		Banking	Other Financial Services	Insurance
ATB Financial		x		
Canadian Western Bank	x	x		
Co-operators General Insurance Co.				x
Desjardins Group		x		
ECN Capital Corp.	x		x	
E-L Financial Corporation Limited	x			x
Equitable Group Inc.	x	x		
First National Financial Corp.	x		x	
Genworth MI Canada Inc.	x			x
Home Capital Group Inc.	x	x		
HSBC Bank of Canada		x		
iA Financial Group	x			x
National Bank of Canada	x	x		

The HRCG Committee's role is to review the results of the market study prepared by external advisors, receive and evaluate the President and Chief Executive Officer recommendations and submit its recommendations to the Board for approval of the target compensation of NEOs. The HRCG Committee was satisfied with the 2019 target NEO compensation analysis prepared by Hexarem using the 2019 peer group. Benchmarking results were received, evaluated and used to make compensation recommendations that the Board approved.

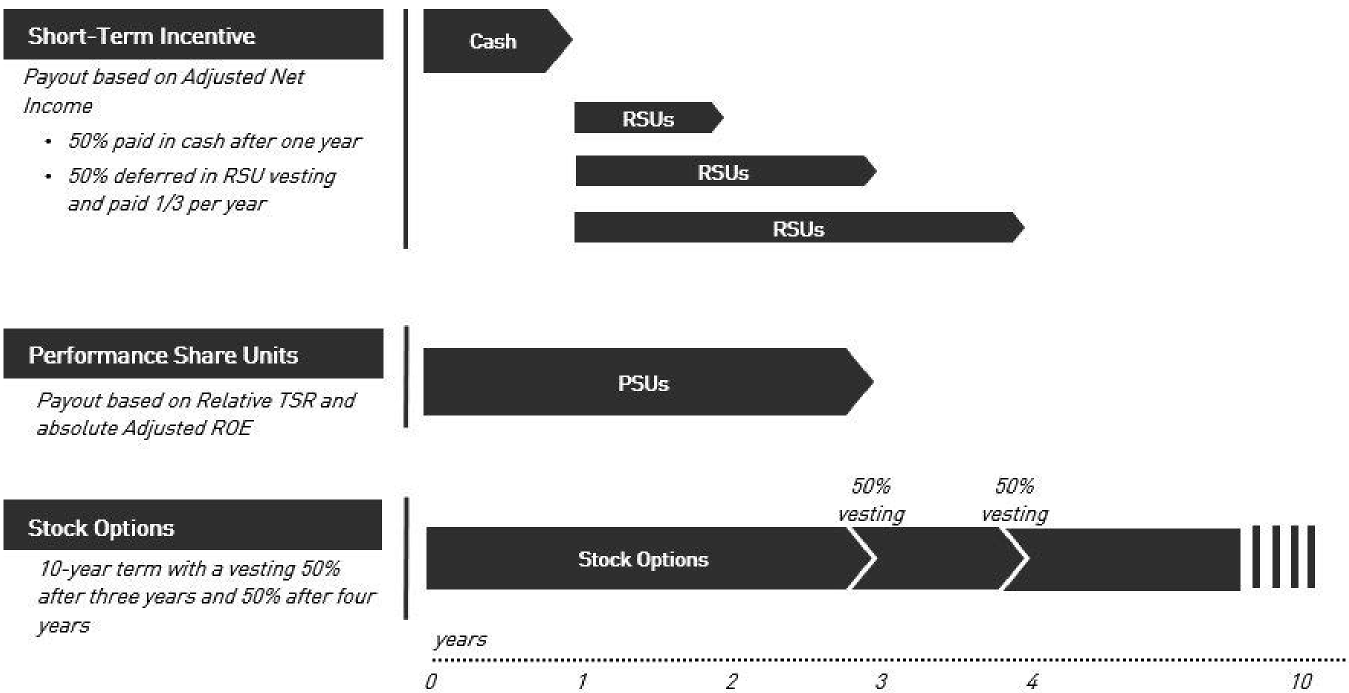
NAMED EXECUTIVE OFFICERS' COMPENSATION

The Bank's target total direct compensation for NEOs, including the CEO, is composed of four elements:

- Base salary;
- Short-term incentives (STI);
- Performance Share Units (PSUs); and
- Stock options.

The target total direct compensation of our President and CEO consists of a mix of 20% fixed and 80% fully at-risk compensation. For other NEOs, the pay mix consists of 30% fixed and 70% fully at-risk compensation.

The NEO incentive compensation program is designed to align pay with the interests of shareholders with an emphasis on long-term value creation. Short-term incentives link annual pay to a "Financial Performance Factor", based on the Bank's adjusted net income relative to its target for the year, and an "Individual Performance Factor" based on the achievement of individual goals. Half of short-term incentive payments are deferred and further aligned with shareholder interest using restricted share units (RSUs). As of 2019, the Bank's performance share units (PSUs), which represent 70% of the long-term incentives granted to NEOs, are fully at risk over three years with no guaranteed minimum vesting. Half of PSU vesting is based on relative TSR against the XFN - S&P/TSX Capped Financials Index Fund. The other half of PSU vesting is based on adjusted ROE relative to the Bank's budget. Stock options represent 30% of the long-term incentive value granted to NEOs. The stock options granted in December 2019, vest 50% after three years and 50% after four years, and tie realized NEO pay to shareholder return for up to 10 years.



Base Salary

The base salary paid to NEOs is determined based on the following criteria:

- Bank performance and individual contribution;
- Responsibility level; and
- Demonstrated skills and experience.

NEOs salaries are reviewed annually by the HRCG Committee based on the criteria listed above and considering the President and Chief Executive Officer's recommendations.

Base salaries of our NEOs will remain unchanged in the coming year.

	Base Salary Set at the Beginning of 2018	Base Salary Set at the Beginning of 2019	Base Salary Set at the Beginning of 2020
François Desjardins	$600,000	$600,000	$600,000
François Laurin	$380,000	$380,000	$380,000
Deborah Rose	$420,000	$420,000	$420,000
Stéphane Therrien	$420,000	$420,000	$420,000
William Mason	--	$380,000 (annualized)	$380,000

Short-Term Incentive

The main purpose of the short-term incentive plan is to reward individuals for achievement of individual performance objectives as well as the Bank's financial objectives that occurred during the year.

In fiscal 2019, the payout under the program was calculated as follows:

STI Target	x	Financial Performance Factor	x	Individual Performance Factor	=	Short-Term Incentive Compensation Payout
		Between 0% and 150%		Between 0% and 150%		Between 0% and 225%

Short-Term Incentive Target

The short-term incentive targets are based on market practices and are represented as a percentage of base salary. The STI targets will remain unchanged in the coming year.

	2018 STI Target	2019 STI Target	2020 STI Target
François Desjardins	100%	100%	100%
François Laurin	80%	80%	80%
Deborah Rose	80%	80%	80%
Stéphane Therrien	80%	80%	80%
William Mason	80%	80%	80%

Financial Performance Factor

The Financial Performance Factor is based on the financial target established by the Board at the beginning of the fiscal year and is designed to align awards with the Bank's performance objectives to support the Bank's strategic priorities. The Financial Performance Factor is based on the Bank's adjusted net income (adjusted net income after taxes and before dividends).

Performance Indicators	Description
Financial (100%)	
Laurentian Bank after Tax Contribution	Act diligently to achieve the Group's financial target, which is a shared objective and one to which everyone contributes

An overarching hurdle of adjusted net income must be reached to trigger the payment of an annual STI award. No STI awards are paid if the threshold is not reached.

The performance levels that applied for fiscal 2019 and the corresponding Financial Performance Factor for incentive compensation purposes are summarized in the following table:

	Adjusted Net Income [1] ($M)	Financial Performance Factor
Overarching Hurdle	< 145.98	0%
Between Hurdle and Threshold	Between 145.98 and 194.64	0% for NEOs and lump sum envelope [2]
Threshold	194.64	50%
Target	243.30	100%
Maximum	267.63	150%

(1) Linear interpolation between levels, above the threshold.

(2) The creation of a lump sum envelope is to recognize employees who had a superior performance during the year. The members of the Executive Committee are not eligible.

2019 Results

Overall, 2019 was a year of transformation as the Bank made significant progress towards implementation of its strategic plan, despite unique challenges with regard to labour relations.

In the first half of the year, as negotiations with union leadership stalled, Management reprioritized and refocused its resources to address these challenges and implemented a contingency plan to ensure the continuity of operations in the event of a labour conflict.

In light of the strategic importance of reaching a constructive resolution with the union, the Board supported this re-direction of Management effort and resources. This led to a new collective agreement in 2019, and an improved labour relations environment which reinforces the Bank's culture of performance. These initiatives put the Bank in a better position to serve customers and create value for shareholders, which result has been recognized by the market: the Bank's Total Shareholder Return (TSR) for FY2019 was 14.12%, exceeding the 13.6% TSR of the S&P/TSX Capped Financials Index, the peer group used to measure our relative TSR performance.

Accordingly, the Board took a careful and holistic approach when assessing performance metrics for the 2019 fiscal year in order to recognize and measure the impact of these developments across the organization, while honouring the performance targets set out at the beginning of the year, prior to the shift in strategic priorities. The Board's review included an assessment of:

- The direct costs associated with the negotiation of the collective agreement and preparations for a possible work stoppage, including the implementation of action plans to support the provision of ongoing services to bank clients in such event;
- The direct impact of such preparations on Bank earnings, as contingency planning necessitated maintaining higher levels of liquidity, which could not be invested efficiently in light of the potential for a work conflict;
- The impact of this shift in priorities on the Bank's ability to pursue growth initiatives and on the timely execution of its optimization plan for the Personal segment; and
- The impact of the Financial Performance Factor on variable compensation across all levels of the organization.

The HRCG Committee, with input from its independent compensation consultant, and following a careful review and deliberation process, determined that an adjustment of the performance results would therefore be appropriate to recognize the successful negotiation of a new collective agreement-a milestone supported by the Board as a strategic imperative aligned with long-term shareholder interests. It was determined that failing to account for this would be inappropriately punitive to employees at all levels of the organization and contrary to the ultimate objective of the Bank's compensation program which is to support its underlying business strategy and ensure the retention of talent.

The HRCG Committee's determination to adjust STI was also informed by:

- The Bank's TSR against its performance peer group; and
- The Bank's strategic achievements during 2019 (e.g. implementation of the new core banking system, transformation of branches to 100% Advice Financial Clinics, launch of fully digital offering for Canadians, etc.).

In light of the above, the HRCG Committee determined that an adjustment of $22 million would therefore be reasonable and fair given the unique circumstance. This brings the Adjusted Net Income of $193.2M to $215.2 million, which corresponds to an FPF of 71.1%.

Pay-Performance Alignment

Consistent with a recurring theme discussed during our shareholder engagement meetings the HRCG Committee made further efforts to align compensation practices with performance and long-term value creation for shareholders. The historical transformation-related special 25% increment to the NEOs' Individual Performance Factor (IPF) was abolished permanently and this change was applied immediately to the 2019 short-term incentive payouts. For example, NEOs who "meet expectations" regarding individual performance now receive an IPF of 100% of target, as opposed to the historical 125% of target which many shareholders were uncomfortable with.

Individual Performance Factor (IPF)

The Bank sees performance management as a crucial exercise and a key factor in the execution of the Bank's strategic plan. The HRCG Committee pays attention to this matter and ensures its application is rigorous.

The President and Chief Executive Officer proceeds annually with the annual performance evaluation of all Executive Vice Presidents and the results are submitted to the HRCG Committee for approval. As for the President and Chief Executive Officer, the objectives and performance assessment are determined by the Board of Directors, upon the HRCG Committee's recommendation.

Individual performance assessment is based on the performance indicators outlined below. The HRCG Committee reserves the right to take into consideration other elements when assessing an executive's performance.

Performance Indicators	Description
Financial (15%)	
Laurentian Bank after Tax Contribution	Act diligently to achieve the Group's financial target, which is a shared objective and one to which everyone contributes
Core Accountabilities (20% to 35%)	
Sector Management / Growth Targets	Leaders are responsible for the allocation of resources and expenditures and must: - design and execute operations, activities and initiatives with the objective to meet or exceed budgetary expectations; - exercise excellent judgment in the allocation of resources; - monitor individual and the team budgets and expenses on a regular basis; and - enforce proper budgetary controls.
Risk Management & Compliance	Foster a culture of compliance and exercise sound risk management in the fulfillment of regulatory obligations and best practices.
Initiatives (40% to 55%)	
Strategy Management	Ensure championship and communication of corporate strategy, risk assessment and initiatives: - provide leadership of strategic plan on an internal and external basis; and - anticipate and analyze risks surrounding the Plan Develop and oversee sector growth strategy Develop and oversee an annual strategic plan and present it for review and prioritization
Initiative Sponsor	Demonstrate effective management of initiatives and stakeholder engagement
Initiative Participation	Properly staff, execute and be responsible for sector deliverables pertaining to initiatives championed by other sectors As a member of the Bank's executive team, participate in initiatives that are sponsored by other sectors and/or colleagues.
Leadership Skills (10%)	
Professional Behavior	Foster collaborative and effective working relationships between team members and with Board of Directors
People Management Competency	Practice daily the following commitments to human resources: - vision & strategy, leadership, planning & organization, communication & meetings, interpersonal relations, assistance, motivation, knowledge, training & coaching and evaluation & objectivity

Performance Rating	Superior	Exceed expectations	Meets expectations	Near expectation	Below expectations
Individual Performance Factor	150%	120%	100%	50% to 80%	0%

2019 Short-Term Incentive Payout

NEOs are paid 50% of their short-term incentive compensation in cash and the remaining 50% is converted into RSUs vesting at the date of the award and payable at a rate of one third per year to promote share ownership and a better alignment with the interests of the shareholders.

	2019 Base Salary	2019 STI Target	Financial Performance Factor	Individual Performance Factor	Combined Factor	2018 STI Payout	Paid in Cash	Paid in RSUs
François Desjardins	$600,000	100%	71.1%	100%	71.1%	$426,600	$213,300	$213,300
François Laurin	$380,000	80%	71.1%	100%	71.1%	$216,144	$108,072	$108,072
Deborah Rose	$420,000	80%	71.1%	100%	71.1%	$238,896	$119,448	$119,448
Stéphane Therrien	$420,000	80%	71.1%	100%	71.1%	$238,896	$119,448	$119,448
William Mason	$380,000	80%	71.1%	100%	71.1%	$216,144	$108,072	$108,072

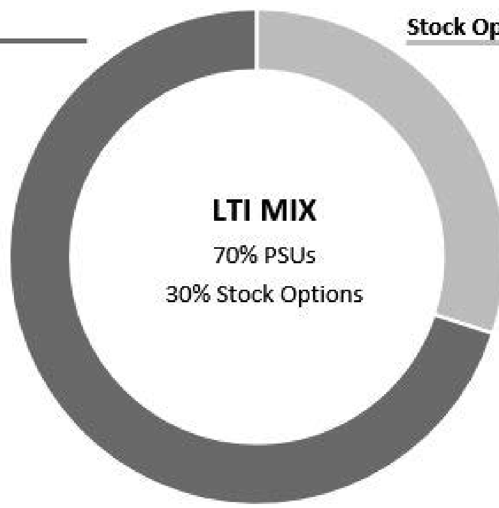
Long-Term Incentives

The Bank started fiscal 2019 with a new and much simpler long-term incentive program comprised of Performance Share Units and Stock Options. It is aligned with Canadian banking sector practices and sound governance standards.

In the work leading to the approval of the LTI mix, the HRCG Committee and the Board reviewed pay-performance projections and sensitivity analyses and were satisfied that the LTI mix ties NEO pay to shareholder return closely and appropriately over the long term.

Performance Share Units (PSUs)

- Vesting based on two performances metrics: Relative TSR and absolute ROE
- Payout range between 0% and 150%, without a floor or a minimum guaranteed level of vesting
- Non-dilutive and settled in cash after three years if performance warrants
- Change of control provisions:
  - Double triggered acceleration
  - Based on actual pro-rata performance
- Subject to clawback provisions



Stock Options

- Annual burn rate is capped at 1% of outstanding shares
- Vesting 50% after three years and 50% after four years
- 12-month post-exercise holding period for the CEO
- No financial assistance provided to participants for exercising the stock options
- Double triggered acceleration in case of a change of control
- Subject to clawback provisions

Performance Share Units (PSUs)

The 2019 PSU grants were as follows.

	2019 Base Salary	2019 PSUs Target (% of salary) (70% of individual LTIP Target)	2019 PSUs Target ($) (70% of individual LTIP Target)
François Desjardins	$600,000	210%	$1,260,000
François Laurin	$380,000	109.2%	$414,960
Deborah Rose	$420,000	109.2%	$458,640
Stéphane Therrien	$420,000	109.2%	$458,640
William Mason	$380,000	109.2%	$414,960

PSUs vest on the third anniversary of the grant. Upon vesting, the number of PSUs is adjusted based on the Bank's performance. The payout varies between 0% and 150% of the number of units granted. The performance measures are:

- Three-year Total Shareholders Return (TSR) average compared with the Banks' performance comparator group. The performance comparator group is defined as the XFN - S&P/TSX Capped Financials Index Fund, which is comprised of Canadian financial sector issuers listed on the Toronto Stock Exchange; and
- Three-year Return on Equity (ROE) average compared with the target set as part of the strategic plan.

Each of the performance measures are equally weighted. There are both worth 50% of the PSUs performance vesting calculation.

For the RPSUs granted in 2016 and vested in December 2019, which are based on the former RPSU program, the Bank has recorded a three-year TSR of 4.07%, while the XFN - S&P/TSX Capped Financials Index Fund has recorded a three-year TSR of 10.47%.

The resulting performance-based vesting factor was 81%. Prior performance vesting factors for RPSUs that vested in December 2018 and 2017 were respectively of 75% and 103.95%.

NEOs meeting the share ownership guidelines must choose to either participate in the PSU or the Deferred PSU (DPSU) version of the program. Executives not meeting the share ownership guidelines receive Deferred PSUs.

- Under the PSU program, the payout is made on the vesting date, which is three years after the grant;
- Under the Deferred PSU program, and provided the three-year vesting period is completed, the payout is subject to the performance factor and made at the time the executive leaves the Bank.

Stock Option Plan

The Stock Option Plan supports the deployment of the Bank's strategic plan, enables the Bank to better attract, retain and engage its executive workforce, and aligns the Bank's compensation offering with Canadian banking sector practices.

Stock options with no initial intrinsic value increase compensation risk for the Bank's senior executives because they replace historical awards of Retention PSUs which guaranteed minimum gains (floor of 75%). Furthermore, stock options lengthen the temporal horizon of the Bank's approach to executive compensation, with shareholder alignment over up to 10 years.

The 2019 stock options grants were allocated as follows:

	Number of Stock Options Granted in Fiscal 2019	2019 Stock Option Value Target (% of Salary) (30% of Individual LTIP Target)	2019 Stock Option Value at Grant Date ($) (30% of Individual LTIP Target)
François Desjardins	100,372	90%	540,000
François Laurin	33,056	46.8%	177,840
Deborah Rose	36,535	46.8%	196,560
Stéphane Therrien	36,535	46.8%	196,560
William Mason	33,056	46.8%	177,840

The following table outlines the Burn Rate, the Dilution and the Overhang for the past three years as of October 31, 2019, calculated using the TSX prescribed methodology. The first row shows that the Bank respects its policy to cap the annual burn rate at 1.0%.

	2019	2018	2017
Burn Rate Total number of stock options granted in a fiscal year, divided by the weighted average number of shares outstanding at the time of grants for the fiscal year	0.9%	0.3%	0%
Dilution Total number of stock options issued but not exercised, divided by the total number of issued and outstanding shares at the end of the fiscal year	1.2%	0.3%	0%
Overhang Total number of stock options available to be issued, plus all stock options outstanding that have not yet been exercised, divided by the total number of issued and outstanding shares at the end of the fiscal year	4.2%	0.3%	0%

The following table provides information with respect to compensation programs under which the Bank's equity securities are authorized for issuance under the old Stock Option Purchase Plan and the 2019 Stock Options Plan for the Executives of the Laurentian Bank of Canada and its Subsidiaries:

	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2019	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2019 ($)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column) as at October 31, 2019
Old Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries	124,962	38.97	0
Stock Option Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries	375,127	38.97	1,290,873

The principal terms and conditions of the Bank's old Stock Option Purchase Plan can be found in the Bank's previous circulars.

Pension Plans

The NEOs, participate in a basic pension plan - the Pension Plan for the Senior Officers of the Laurentian Bank of Canada and Participating Subsidiaries (the "**officers' plan**") - and in a supplemental pension plan - the *Supplemental Pension Plan for Members of the Executive Management of the Laurentian Bank of Canada and Participating Subsidiaries* (the "**supplemental plan**"). These plans are funded. A pension, up to the maximum amount permitted by law, is payable under the officers' plan, and the supplemental plan covers all pensions granted in excess thereof, if applicable. The pension plans are financed by the Bank and are non-contributory for the participants.

Under the officers' plan and the supplemental plan (collectively, the "**plans**"), participants are entitled to receive a pension for each year of participation equal to 2% of their average compensation, being the average base salary for their most highly compensated five consecutive years of service. This pension is payable for the life of the participant and is not integrated with benefits payable by the Quebec Pension Plan and the Canada Pension Plan. Normal retirement age is set at age 65. However, participants may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60.

To recognize years of service at the Bank as yet unrecognized, Mr. Desjardins concluded a special agreement with the Bank whereby his retirement pension under the supplemental plan was modified as of November 1, 2015. Effective as of that date, Mr. Desjardins will accumulate two years of credited service per year worked, until the total years of credited service is equal to his total time worked at the Bank. Mr. Desjardins will be eligible to receive his pension without penalty as of age 54. However, if he chooses to terminate his employment at the Bank and leaves before reaching the age of 51, the special conditions prescribed will be cancelled without any effect.

The NEOs, may also elect to participate in the flexible component of the officers' plan through optional ancillary contributions. These contributions enhance the benefits paid under the basic component of the officers' plan. Upon retirement, the officer may, among other options, use the accumulated amounts to reduce the early retirement reduction or for pension indexing. Participation is optional and the Bank does not contribute to this component.

Benefit Plans and Perquisites

In addition to the benefits applicable to all Bank employees, NEOs are entitled to life and accident insurance of up to four times their salary (up to a maximum of $1.2 million and $1 million, respectively). NEOs also benefit from a health account worth $5,000 annually. The amounts allocated to the health account are valid for a two-year period, after which any unused amount is forfeited. In addition, NEOs are entitled to receive an annual medical exam, the costs of which are covered by the Bank. NEOs benefit from a monthly car allowance and are reimbursed for their parking.

Minimum Share Ownership Level Requirements

To foster long-term engagement of executives, the HRCG Committee adopted minimum share ownership level requirements. In fiscal 2018, the HRCG Committee has increased the President and CEO ownership guidelines from five to six times base salary to ensure that ownership guidelines are proportionate with target LTI awards for all NEOs. These requirements are currently as follows:

Executive Level	Minimum Requirement
President and Chief Executive Officer	6 x base salary
Executive Vice Presidents	2 x base salary

Since 2017, the President and CEO must also maintain the minimum share ownership level requirement for at least one year after termination or retirement from the Bank. The HRCG Committee believes this modification has improved the Bank's alignment with the long-term shareholder interests and the market's best practices. The share ownership level attained by each NEO is evaluated annually based on the higher of the closing price of the Bank's common shares on October 31 or on the purchase or award date. The following shares and share units are included in the share ownership calculation:

- Bank's common shares held;
- RSUs, vested and non-vested, including the award relating to the fiscal year just ended; and
- RPSUs vested, as well as non-vested RPSUs, calculated based on the minimal payment provided by the program.

Although there is no time limit for reaching the minimum share ownership requirements, executives must participate in the deferred version of the PSU program until the requirements are met. Simulations carried out by the Bank show that, by using the deferred version of such program, the minimum share ownership requirements can be met within three years.

Clawback Policy

The clawback policy provides that if the Bank's financial statements for a previous year were to be restated due to fraud or a serious irregularity, the HRCG Committee could decide to clawback previous annual STI awards and share units awarded based on financial performance in accordance with the restated financial results. The new stock option plan also includes a clawback disposition.

Risk Analysis

In adopting compensation practices and setting executive compensation, the HRCG Committee, with the help of the Risk Management Committee, considers the implications of the risks associated with the Bank's compensation policies and practices. The mandates of the HRCG Committee and of the Risk Management Committee enable them to undertake an analysis of risks associated with the various compensation programs. An analysis grid, in line with the principles of the Financial Stability Board was developed to assess the risks associated with each of the Bank's compensation programs. The grid covers five categories of criteria - conception of the program, process for determining results, approval of results, risk-taking and synchronization of STI awards and losses.

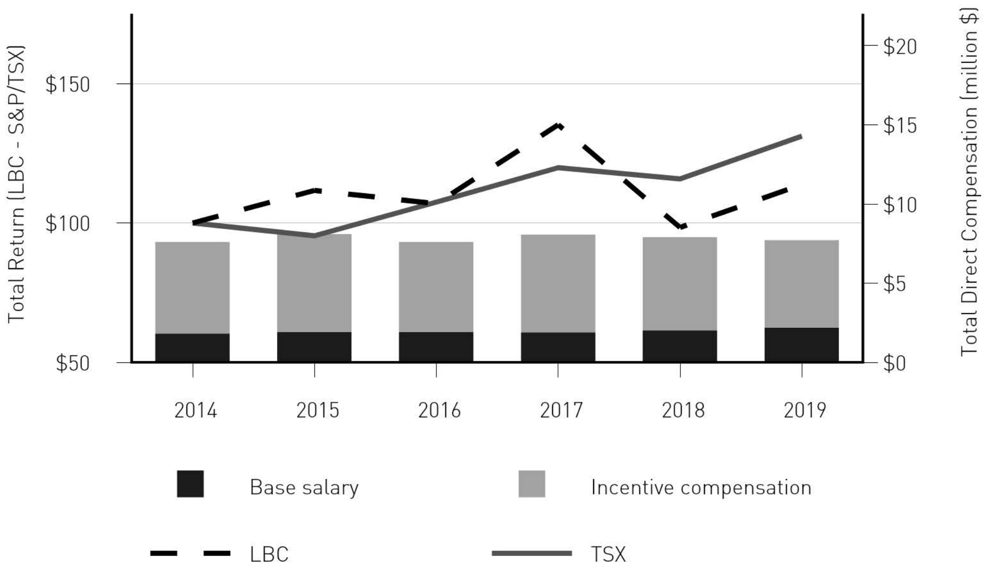
Since 2010, the HRCG Committee and the Risk Management Committee have conducted an annual examination of the risk analysis of the compensation programs prepared by the Executive Vice President and Chief Risk Officer based on the analysis grid. The last such analysis was conducted in December 2019. As a result of this assessment, the HRCG Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

Hedging

The *Bank Act* (Canada), the Bank's Policy on Insiders and Prohibited Transactions on Bank Securities (the "**Insider Policy**"), and the Bank's Code of Ethics prohibit directors, officers, employees and service providers of the Bank and its subsidiaries to directly or indirectly sell Bank securities that they do not own or that they have not fully paid up (commonly referred to as "short selling"), as well as to directly or indirectly buy or sell a put or call option on Bank securities. Furthermore, directors, officers, employees and service providers of the Bank and its subsidiaries are prohibited under the Insider Policy from directly or indirectly entering into any type of agreement or arrangement with respect to Bank securities or Bank-related financial instruments for the purpose of hedging or offsetting a decrease in the value thereof, or otherwise altering their economic exposure to the Bank.

Performance Graph and Trend Analysis

The following graph represents the comparison between the Bank's cumulative total shareholder return for $100 invested in the Bank's common shares on October 31, 2014, assuming reinvestment of dividends, and the cumulative total return of the Toronto Stock Exchange's S&P/TSX Composite Index for the last five fiscal years. The graph also sets out the total direct compensation paid to NEOs for the last five fiscal years.



	2014	2015	2016	2017	2018	2019
Base Salary (in million $)	$1.8	$1.9	$1.9	$1.9	$2.0	$2.2
Incentive Compensation (in million $)	$5.8	$6.2	$5.7	$6.2	$5.9	$5.5
Total Direct Compensation (in million $)	$7.6	$8.1	$7.6	$8.1	$7.9	$7.7
TSR - Laurentian Bank of Canada	$100	$112	$107	$135	$98	$114
TSR - S&P/TSX Composite Index	$100	$95	$108	$120	$116	$131
Adjusted Net Income (in million $)	$163.5	$172.1	$187.0	$230.7	$241.6	$193.2

Trend Analysis

During the period covered by the graph, the data shows that the level of Total Direct Compensation received by Named Executive Officers remained stable while the Bank's shareholders' value increased by 14%. Total Direct Compensation is also highly and positively correlated with the Bank's shareholders' return (correlation = +52%) because the performance metrics used for the incentive programs are aligned with shareholders' return and the HRCG Committee ensures that compensation and performance are aligned.

Performance and Total Direct Compensation of Named Executive Officers

François Desjardins

President and Chief Executive Officer

François Desjardins has been the President and Chief Executive Officer of Laurentian Bank Financial Group since November 1, 2015. After joining the organization in 1991, he has held a number of positions throughout his tenure. A seasoned leader, he was appointed President and Chief Executive Officer of B2B Bank in 2004 and Executive Vice President of Laurentian Bank in 2006.

With over 25 years of experience in financial services, Mr. Desjardins has developed a deep understanding of the financial ecosystem by staying attuned to technological change and customer behaviours.

2019 Individual Performance Scorecard

The HRCG Committee evaluated François Desjardins' 2019 individual performance based on a pre-determined scorecard which is summarized below. During the year, Mr. Desjardins' scorecard was adjusted to increase core accountabilities from 20% to 30% in order to place greater emphasis on growth and oversight.

2019 Group Performance

	Score	Key Accomplishments
Financial Performance Factor (100%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Group Performance Factor	**71.1%**	

2019 Individual Performance

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Core Accountabilities (30%)	Meets expectations	- The Group made substantial progress on its strategic plan in 2019. The most significant event was the establishment of a new labour relations environment, a result of a redefined bargaining unit and the ratification of a new collective agreement. - The Group has created efficiencies in administrative, corporate and front-line functions putting in place a performance culture to support its growth and its evolution in a digital environment. - The Group continued to optimize its loan portfolio mix which contributed to an improvement in net interest margins. Credit quality remained solid and capital was strong, CET1 ratio stood at 9.0%, 1.4% higher than the 2015 level.
Initiatives (45%)	Meets expectations	In 2019, LBCFG: - Became the largest bank in Canada to have implemented a new core banking system; - Converted its Quebec-based network to focus 100% on financial advice; - Launched a fully digital offering for Canadians; - Prioritized and sequenced compliance and cyber security initiatives to ensure protection of personal information, strengthen controls and to maintain sound data governance practices.
Leadership Skills (10%)	Meets expectations	- Mr. Desjardins' leadership style fosters teamwork in a collaborative and effective environment. His strong communication skills facilitated the alignment of employees across the organization to achieve the Group's strategic objectives. - As the Group is mid-way in its strategic plan, Mr. Desjardins put in place a strong digital banking team to lead the development of simpler, higher value, convenience driven products and services for the Group's customers. - To support growth in the Institutional segment, Mr. Desjardins has appointed a new leader in Capital Markets.
Individual Performance Rating	**Meets expectations**	
Individual Performance Factor	**100%**	

2019 Individual Performance Scorecard

Group Performance Factor	**71.1%**	
	x	**Combined factor: 71.1%**
Individual Performance Factor	**100%**	

2019 Short-Term Incentive Payout

2019 Base Salary		2019 STI Target		Financial Performance Factor		Individual Performance Factor		STI Payout
600,000	x	100%	x (	71.1%	x	100%	) =	426,600

2019 Compensation Highlights			
Compensation Elements	**2019 Target ($)**	**2019 Actual ($)**	**2018 Actual ($)**
Base Salary	600,000	598,361	594,336
Short-Term Incentive			
Paid in Cash	300,000	213,300	286,125
Deferred in RSUs	300,000	213,300	286,125
Long-Term Incentive			
Share-Based Awards	1,260,000	1,260,000	1,485,000
Option-Based Awards	540,000	540,000	286,641
Total Direct Compensation	3,000,000	2,824,961	2,938,227

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)		6x
Ownership[1]	Shares (#)	11,809
	Vested Share Units (#)	207,257
	Unvested Share Units (#)	25,449
Total value of shares and share units [2]		$11,076,532
Share Ownership (multiple of base salary)		18.46x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program

[2] Value as at October 31, 2019 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($45.30)

Effectiveness of the Compensation Program Over Time

The table below shows the Bank's strong track record of aligning CEO pay with total shareholder return over the long term. The table compares the value as at December 31, 2019 of the direct compensation awarded to the Bank's CEO over the last five fiscal years with the value of annual investments in the Bank's equity over the same time periods. On average, the value of $100 invested by a shareholder is greater than the value of $100 awarded to the CEO. This conclusion holds if we focus only on the four years of Mr. Desjardins' tenure as a CEO. The table further indicates that, on average, the realized and realizable value of $100 awarded to the CEO since fiscal 2015 stands below the $100 target as of December 31, 2019.

The current value of the CEO awards as at December 31, 2019 for the fiscal years noted represents the total of:

1. Realized pay received by the CEO (actual pay from awards received, dividend equivalents paid and options exercised); and
2. Potential realizable value of awards yet to be paid (unvested units and unexercised options if still outstanding).

		Value at December 31, 2019 (in million $)			
Year	CEO	Total Direct Compensation Awarded	A Realized Pay	B Realizable Pay	A+B=C Current Value
2015	Réjean Robitaille	3.00	3.45	0.00	3.45
2016	François Desjardins	2.66	0.97	1.41	2.38
2017	François Desjardins	2.86	0.87	1.60	2.47
2018	François Desjardins	2.94	0.88	1.93	2.81
2019	François Desjardins	2.82	0.81	2.21	3.02

Value of $100		
Period	To CEO ($)	To Shareholders ($)
10/31/2014 to 12/31/2019	115	117
10/31/2015 to 12/31/2019	89	105
10/31/2016 to 12/31/2019	86	107
10/31/2017 to 12/31/2019	96	84
10/31/2018 to 12/31/2019	107	115
Five-year Average with Two Incumbent CEOs	**99**	**106**
Four-year Average François Desjardins' Tenure	**95**	**103**

François Laurin,
FCPA, FCA, CFA

Executive Vice President,
Finance, Treasury and
Chief Financial Officer

François Laurin is responsible for financial reporting and governance, treasury and capital management, mergers and acquisitions, investor relations and taxation for the Group.

2019 Individual Performance Scorecard

The HRCG Committee evaluated François Laurin's 2019 individual performance based on a pre-determined scorecard which is summarized below. During the year, Mr Laurin' scorecard was adjusted to increase initiatives from 40% to 45% in order to place greater emphasis on strategic initiatives.

2019 Group Performance

	Score	Key Accomplishments
Financial Performance Factor (100%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Group Performance Factor	**71.1%**	

2019 Individual Performance

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Core Accountabilities (30%)	Meets expectations	- Mr. Laurin successfully led the initiative to further diversify funding sources to support growth and strengthen the Group's capital position. This work was conducted in collaboration with various businesses to optimize the use of capital as well as to improve the funding cost and net interest margin. - Mr. Laurin carefully prepared the organization for a possible labour conflict by strategically increasing liquidity to protect the bank's clients and to support continued growth in loans to business customers. - Mr. Laurin supervised the evolution of governance practices to support the transition into the digital era and the strategic expansion in the U.S.
Initiatives (45%)	Meets expectations	- Under Mr. Laurin's direction, his group conducted a thorough review of its processes and organizational structure. Modifications were made to ensure convergence with the strategic needs of the organization. - Mr. Laurin's team played a key role to ensure that all the proper conditions were in place to support the prioritization and sequencing of strategic deliverables. Specifically, this group was a key player in the deployment of the main banking system. - Mr. Laurin oversaw the successful delivery of regulatory initiatives while strengthening the finance framework of LBCFG.
Leadership Skills (10%)	Meets expectations	- Mr. Laurin's leadership encourages continuous improvement and fosters team work and collaboration both within his group and within the organization as a whole. - Mr. Laurin built strong relationships with key stakeholders in the financial community, providing them with a better understanding of the long-term strategic objectives of LBCFG. - A seasoned executive, Mr. Laurin understands the challenges associated with volatile and difficult market conditions. As such, he provided sound guidance to his team throughout the year.
Individual Performance Rating	**Meets expectations**	
Individual Performance Factor	**100%**	

2019 Individual Performance Scorecard

Group Performance Factor	**71.1%**	
	x	**Combined factor: 71.1%**
Individual Performance Factor	**100%**	

2019 Short-Term Incentive Payout

2019 Base Salary		2019 STI Target		Financial Performance Factor		Individual Performance Factor		STI Payout
380,000	x	80%	x (	71.1%	x	100%	) =	216,144

2019 Compensation Highlights			
Compensation Elements	**2019 Target ($)**	**2019 Actual ($)**	**2018 Actual ($)**
Base Salary	380,000	386,251	349,666
Short-Term Incentive			
Paid in Cash	152,000	108,072	168,165
Deferred in RSUs	152,000	108,072	168,165
Long-Term Incentive			
Share-Based Awards	414,960	414,960	409,200
Option-Based Awards	177,840	177,840	64,625
Total Direct Compensation	1,276,800	1,195,195	1,159,821

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)		2x
Ownership[1]	Shares (#)	2,505
	Vested Share Units (#)	36,480
	Unvested Share Units (#)	0
Total value of shares and share units [2]		$1,765,988
Share Ownership (multiple of base salary)		4.65x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program

[2] Value as at October 31, 2019 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($45.30)

Deborah Rose

Executive Vice President, Chief Operating Officer and Chief Information Officer

Deborah Rose is responsible for the administration, operations and technology corporate functions. This includes, among other things, managing the enterprise infrastructure, corporate real estate and supply chain, and productivity improvement initiatives. As Chief Information Officer, she oversees all technology assets, including their evolution, and ensures sound governance.

2019 Individual Performance Scorecard

The HRCG Committee evaluated Deborah Rose's 2019 individual performance based on a pre-determined scorecard which is summarized as follows:

2019 Group Performance

	Score	Key Accomplishments
Financial Performance Factor (100%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Group Performance Factor	**71.1%**	

2019 Individual Performance

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Core Accountabilities (30%)	Meets expectations	- In 2019, Ms. Rose successfully led her teams to consistently deliver on multiple foundational initiatives which contributed to strengthening the Group's digital capabilities. - Ms. Rose effectively managed cyber security policies and strategies, supporting robust data security and effective controls and contributing to safeguarding clients' personal information. She has put in place structures, systems and training programs that are subject to ongoing enhancements to ensure proper data governance and risk management. - Ms. Rose has taken over additional administrative activities as it relates to operational and logistical support across the Group.
Initiatives (45%)	Meets expectations	- Ms. Rose successfully lead her teams to meet challenging deadlines and achieve key milestones, while ensuring an optimized delivery schedule and appropriate oversight for all transformation initiatives. - In 2019, Ms. Rose spearheaded the completion of the first phase of the core banking system implementation as well as the delivery of digital banking initiatives, which are paramount to the Group's transformation. - She was responsible for completing the migration of all B2B Bank products and the majority of loans to business customers to the new main banking system.
Leadership Skills (10%)	Meets expectations	- Ms. Rose's in-depth expertise was instrumental in responding to unforeseeable challenges allowing the Group to fulfill its strategic objective. - She effectively managed, led and supervised a multidisciplinary team. Her ability to effectively communicate allowed her to build consensus among various groups, creating highly productive teams and efficient problem solving. - Her global perspective and understanding of industry challenges and opportunities position her to drive efficiency, simplicity, innovation and culture-change throughout the organization.
Individual Performance Rating	**Meets expectations**	
Individual Performance Factor	**100%**	

2019 Individual Performance Scorecard

Group Performance Factor	**71.1%**	
	x	**Combined factor: 71.1%**
Individual Performance Factor	**100%**	

2019 Short-Term Incentive Payout

2019 Base Salary		2019 STI Target		Financial Performance Factor		Individual Performance Factor		STI Payout
420,000	x	80%	x (	71.1%	x	100%	) =	238,896

2019 Compensation Highlights			
Compensation Elements	**2019 Target ($)**	**2019 Actual ($)**	**20178 Actual ($)**
Base Salary	420,000	418,852	407,745
Short-Term Incentive			
Paid in Cash	168,000	119,448	224,322
Deferred in RSUs	168,000	119,448	224,322
Long-Term Incentive			
Share-Based Awards	458,640	458,640	475,200
Option-Based Awards	196,560	196,560	150,091
Total Direct Compensation	1,411,200	1,312,948	1,481,680

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)		2x
Ownership[1]	Shares (#)	1,451
	Vested Share Units (#)	45,236
	Unvested Share Units (#)	9,374
Total value of shares and share units [2]		$2,539,537
Share Ownership (multiple of base salary)		6.05x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program

[2] Value as at October 31, 2019 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($45.30)

Stéphane Therrien

Executive Vice President, Personal & Commercial Banking

Stéphane Therrien has led the Business Services unit since 2012, the year he joined the organization. In 2015, he was also appointed as head of the Bank's Retail Services. He is responsible for all commercial activities in Canada and United States as well as for the retail branch network in Quebec.

An experienced leader, he has a proven track record in the Canadian financial sector, having held several management positions over his nearly 30-year career. Mr. Therrien is also President and Chief Executive Officer of LBC Financial Services.

2019 Individual Performance Scorecard

The HRCG Committee evaluated Stéphane Therrien's 2019 individual performance based on a pre-determined scorecard which is summarized below. During the year, Mr Therrien' scorecard was adjusted to increase initiatives from 40% to 45% in order to place greater emphasis on strategic initiatives.

2019 Group Performance

	Score	Key Accomplishments
Financial Performance Factor (100%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Group Performance Factor	**71.1%**	

2019 Individual Performance

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Core Accountabilities (30%)	Meets expectations	- Mr. Therrien's business acumen and capacity to generate profitable growth were instrumental in the progress that was made in the evolution of the Group loan portfolio mix. Growth in loans to business customers was strong at 9% and was driven by Inventory and Equipment Financing, as well as by Real Estate Financing. - Under Mr. Therrien's leadership, the Group has expanded its geographic footprint throughout Canada and most notably in the U.S. where the Groups has solidified our leadership position in the equipment and inventory finance sector. - Mr. Therrien ensured the successful evolution of compliance, business processes and controls to stay relevant and safeguard long-term client relationships.
Initiatives (45%)	Meets expectations	- Mr. Therrien successfully led the transformation of traditional branches into a more relevant and resized network of 100% Advice Financial Clinics. This achievement positions Laurentian Bank as a frontrunner in terms of financial advice offering. - Mr. Therrien played a critical role in the comprehensive business continuity plan that was developed in preparation for a possible labour conflict, which included slowing growth in mortgages and personal loans. This was key to allow Management to move the strategic plan forward. The new labour relations environment allows the Financial Clinics in Quebec to enter a new and promising phase. - Mr. Therrien sponsored initiatives aiming at expanding operations in the U.S. and further upgrade customer facing technology to improve the business client experience.
Leadership Skills (10%)	Meets expectations	- A seasoned executive, Mr. Therrien's leadership style inspires team members' engagement in challenging times. - An effective communicator, he encourages and inspires team members to always strive for client satisfaction. - His sound judgment and business perspective are contributing to maintain focus on the Group's strategic goals.
Individual Performance Rating	**Meets expectations**	
Individual Performance Factor	**100%**	

2019 Individual Performance Scorecard

Group Performance Factor	**71.1%**	**Combined factor: 71.1%**
	x	
Individual Performance Factor	**100%**	

2019 Short-Term Incentive Payout

2019 Base Salary		2019 STI Target		Financial Performance Factor		Individual Performance Factor		STI Payout
420,000	x	80%	x (	71.1%	x	100%	) =	238,896

2019 Compensation Highlights			
Compensation Elements	**2019 Target ($)**	**2019 Actual ($)**	**2018 Actual ($)**
Base Salary	420,000	426,907	417,882
Short-Term Incentive			
Paid in Cash	168,000	119,448	224,322
Deferred in RSUs	168,000	119,448	224,322
Long-Term Incentive			
Share-Based Awards	458,640	458,640	541,200
Option-Based Awards	196,560	196,560	170,939
Total Direct Compensation	1,411,200	1,321,003	1,578,665

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)		2x
Ownership[1]	Shares (#)	3,752
	Vested Share Units (#)	57,400
	Unvested Share Units (#)	0
Total value of shares and share units [2]		$2,770,225
Share Ownership (multiple of base salary)		6.60x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program

[2] Value as at October 31, 2019 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($45.30)

William Mason

Executive Vice President
and Chief Risk Officer

William Mason is responsible for the continuous application of sound risk management practices across the organization. He is also responsible for credit management, legal affairs including compliance functions, and for the corporate secretariat.

2019 Individual Performance Scorecard

The HRCG Committee evaluated William Mason's individual performance based on a pre-determined scorecard which is summarized as follows:

2019 Group Performance

	Score	Key Accomplishments
Financial Performance Factor (100%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Group Performance Factor	**71.1%**	

2019 Individual Performance

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2019 Results** The adjusted net income for incentive compensation purposes in 2019 was $215.2 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 71.1%.
Core Accountabilities (30%)	Meets expectations	- Mr. Mason completed a restructuring of the Committee governance framework of the Group as well as a review of the corporate policy framework to adjust global governance in the context of the digitalization of the bank's offering and of a continuously evolving regulatory environment. - Key Risk Indicators were put in place and/or improved in order to meet new regulatory requirements and to ensure risk measurement is consistent with the Group's transformation. - Mr. Mason was instrumental in setting the appropriate credit guidelines to support growth and protect the bank's assets while operating within the risk appetite.
Initiatives (45%)	Meets expectations	- Under Mr. Mason's leadership, three main regulatory initiatives were successfully completed: Compliance (E13), Operational (E21) and Model Risk (E23) enhancing the overall risk framework for the organization. In addition, this achievement has improved the overall communication flow within the three lines of defence. - Mr. Mason's team implemented IFRS9 requirements while ensuring increased process efficiency and automation were embedded in the solution. - Mr. Mason ensured that the Advanced Internal Ratings-Based Approach to credit management initiative (AIRB), a major foundational initiative is progressing in accordance with strategic plan.
Leadership Skills (10%)	Meets expectations	- Mr. Mason reorganized and retooled the Legal, Compliance and Corporate Secretariat teams in order to better meet the Group's evolving needs. - Mr. Mason's participative leadership style allowed for his teams to be aligned to the Group's strategic plan and to understand how they can fully contribute to the successful achievement of the business objectives while maintaining risk management discipline. - His extensive knowledge in the financial industry allowed the Group to improve its decision-making process, commensurate to the Bank's risk appetite.
Individual Performance Rating	**Meets expectations**	
Individual Performance Factor	**100%**	

2019 Individual Performance Scorecard

Group Performance Factor	**71.1%**	
	x	**Combined factor: 71.1%**
Individual Performance Factor	**100%**	

2019 Short-Term Incentive Payout

2019 Base Salary		2019 STI Target		Financial Performance Factor		Individual Performance Factor		STI Payout
380,000	x	80%	x (	71.1%	x	100%	) =	216,144

2019 Compensation Highlights			
Compensation Elements	**2019 Target ($)**	**2019 Actual ($)**	**2018 Actual ($)**
Base Salary	380,000	378,963	141,079
Short-Term Incentive			
Paid in Cash	152,000	108,072	60,543
Deferred in RSUs	152,000	108,072	60,543
Long-Term Incentive			
Share-Based Awards	414,960	414,960	0
Option-Based Awards	177,840	177,840	0
Total Direct Compensation	1,276,800	1,187,907	262,165

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)		2x
Ownership[1]	Shares (#)	6,855
	Vested Share Units (#)	6,167
	Unvested Share Units (#)	0
Total value of shares and share units [2]		$589,893
Share Ownership (multiple of base salary)		1.55x
Attainment		No

[1] Includes unvested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program

[2] Value as at October 31, 2019 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($45.30)

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation paid, made payable, awarded, granted, given or otherwise provided to the Named Executive Officers for the three last fiscal years. (1)

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($) (Note 1)	Option-Base Awards ($) (Note 2)	Non-Equity Incentive Plan Compensation ($) Annual Incentive Plans (Note 3)	Pension Value ($) (Note 4)	All Other Compensation ($) (Note 5)	Total Compensation ($)
François Desjardins President and Chief Executive Officer	2019	598,361	1,260,000	540,000	426,600	209,000	56,928	3,090,889
	2018	594,336	1,485,000	286,641	572,250	611,000	62,665	3,611,892
	2017	555,513	1,673,100	0	627,000	241,000	55,091	3,151,704
François Laurin Executive Vice President, Finance, Treasury and Chief Financial Officer	2019	386,251	414,960	177,840	216,144	105,000	48,702	1,348,897
	2018	349,666	409,200	64,625	336,330	130,000	41,160	1,330,981
	2017	307,044	482,141	0	287,138	92,000	43,247	1,211,570
Deborah Rose Executive Vice President, Chief Operating Officer and Chief Information Officer	2019	418,852	458,640	196,560	238,896	98,000	42,897	1,453,845
	2018	407,745	475,200	150,091	448,644	224,000	46,779	1,752,459
	2017	353,343	552,120	0	410,400	158,000	44,268	1,518,131
Stéphane Therrien Executive Vice President, Personal & Commercial Banking	2019	426,907	458,640	196,560	238,896	100,000	38,531	1,459,534
	2018	417,882	541,200	170,939	448,644	129,000	40,265	1,747,930
	2017	407,962	668,220	0	467,400	132,000	40,952	1,716,534
William Mason Executive Vice President and Chief Risk Officer (Note 6)	2019	378,963	414,960	177,840	216,144	115,000	40,846	1,343,753
	2018	141,079	0	0	121,086	44,000	14,425	320,590
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: These amounts represent the grant date fair value of the following awards:

- Restricted Share Units (RSUs) granted under the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Only amounts corresponding to the employer share are included in this column; amounts corresponding to the employee share appear in the "Annual Incentive Plans" column (see Note 3 below). Under the RSU program, the NEOs must convert 50% of their annual STI award into RSUs. The employer contribution of 30% of the annual STI award, which was also converted into RSUs, is discontinued (last match was in December 2017). RSUs are part of executive compensation for 2019, 2018 and 2017, as the case may be, but were granted after the fiscal year-end.
- Performance Share Units (PSUs) granted under the *Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the program, PSUs are granted based on a percentage of the annual base salary of the Named Executive Officer.

The grant date fair value of the RSUs and PSUs is equal to the number of units granted multiplied by the share price. The share price is the arithmetic average of the Bank's weighted average trading price on the Toronto Stock Exchange for the last ten (10) trading days preceding the opening of the window for insider trading subsequent to the publication of the annual results.

Note 2: The amounts for each named executive officer represent awards made under the Stock Option Plan using the Black-Scholes model to value stock option awards for compensation purposes. For fiscal 2019, the estimated compensation value was 13.8% of the grant price ($38.97), using an expected 8 years' term, a dividend yield of 5.20% and a volatility of 20%.

Note 3: Amounts of the annual STI awards paid under the Bank's Short-Term Incentive plan. 50% of this annual STI award must be converted into RSUs (see Note 1 above). These amounts were earned in 2019, 2018 and 2017, as the case may be, but paid after the fiscal year-end.

Note 4: Amounts corresponding to compensatory changes, including annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of credited service, as detailed in the "Defined Benefit Plans Table".

Note 5: These amounts include car allowances and reimbursement of parking, as well as health spending account and employee share purchase plan.

Note 6: Mr. Mason joined the Bank on June 1, 2018.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following table sets forth the option-based awards outstanding for each Named Executive Officer at the end of the last fiscal year, October 31, 2019, including awards granted prior to the last completed fiscal year.

	Option-Based Awards				
	Option Grant Date	Securities Underlying Unexercised Options (#)	Option Exercise Price ($) (Note 1)	Option Expiration Date	Value of Unexercised In-the-Money Options ($) (Note 2)
François Desjardins	2018-10-30	53,279	38.97	2028-10-31	337,256
	2018-12-04	100,372	38.97	2028-12-04	635,355
François Laurin	2018-10-30	12,012	38.97	2028-10-31	76,036
	2018-12-04	33,056	38.97	2028-12-04	209,244
Deborah Rose	2018-10-30	27,898	38.97	2028-10-31	176,594
	2018-12-04	36,535	38.97	2028-12-04	231,267
Stéphane Therrien	2018-10-30	31,773	38.97	2028-10-31	201,123
	2018-12-04	36,535	38.97	2028-12-04	231,267
William Mason	2018-12-04	33,056	38.97	2028-12-04	209,244

Note 1: Volume-weighted average price of a Share on the TSX for the five Trading Days preceding the Date of Grant.

Note 2: The value of unexercised in-the-money options equals the difference between the grant price of the options and the closing price of the Bank's common shares on the TSX on October 31, 2019 ($45.30). This includes options that have not yet vested or cannot be exercised because they are subject to price condition hurdles that have not been reached.

Outstanding Share-Based Awards

The following table sets forth the share-based awards outstanding for each Named Executive Officer at the end of the last fiscal year, October 31, 2019, including awards granted prior to the last completed fiscal year.

	Share-Based Awards (Note 1)		
	Shares or Units of Shares not Vested (#)	Market or Payout Value of Share-Based Awards not Vested ($) (Note 2)	Market or Payout Value of Vested Share-Based Awards (Not Paid Out or Distributed) ($) (Note 2)
François Desjardins	96,623	2,312,865	8,228,732
François Laurin	0	0	1,652,525
Deborah Rose	32,581	759,754	1,714,064
Stéphane Therrien	0	0	2,600,240
William Mason	10,610	0	279,356

Note 1: RSU and PSU awards including dividend equivalents.

Note 2: Value based on the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2019 ($45.30).

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of all option-based and share-based awards for each Named Executive Officer vested during the fiscal year, as well as the amount of the annual bonuses earned during the fiscal year.

Name	Option-Based Awards - Value Vested During the Year ($) (Note 1)	Share-Based Awards - Value Vested During the Year ($) (Note 2)	Non-Equity Incentive Plan Compensation - Value Earned During the Year ($) (Note 3)
François Desjardins	84,181	1,631,550	426,600
François Laurin	18,979	508,064	216,144
Deborah Rose	44,079	552,773	238,896
Stéphane Therrien	50,201	679,829	238,896
William Mason	0	108,066	216,144

Note 1: The value of the stock options that vested during the fiscal year is based on the difference between the grant price of the options ($38.97) and the closing share price on the TSX on the vesting date ($45.29).

Note 2: These amounts represent the aggregate value realized upon vesting of RSUs (Employer Share only) and PSUs on the vesting date occurring during the fiscal year. The Employee Share of RSUs vests at the date of the award. During the fiscal year, the RSUs and PSUs granted in December 2016 became vested. The value is based on a $45.70 share price.

Note 3: Amounts of annual STI awards (50% of the amount presented must be converted into RSUs).

PENSION PLAN BENEFITS

Terms Applicable to Certain Named Executive Officers

In order to recognize service at the Bank as yet unrecognized, Mr. Desjardins concluded a special agreement with the Bank whereby his retirement pension under the supplemental plan was modified as of November 1, 2015. Effective as of that date, Mr. Desjardins accumulates two years of credited service per year worked, until the total years of credited service is equal to his total time worked at the Bank. Mr. Desjardins will be eligible to receive his pension without penalty as of age 54. However, if he chooses to terminate his employment at the Bank and leaves before reaching the age of 51, the special conditions prescribed will be cancelled without any effect.

Defined Benefit Plans Table

The table below sets out the years of participation in the plans as at October 31, 2019 for each Named Executive Officer, annual benefits payable, and changes in the present value of defined benefit obligations from October 31, 2018 to October 31, 2019, including compensatory and non-compensatory changes concerning their participation in the plans for fiscal year 2019.

Name	Number of Years of Credited Service (#)		Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($) (Note 3)	Compensatory Change ($) (Note 4)	Non-Compensatory Change ($) (Note 5)	Closing Present Value of Defined Benefit Obligation ($) (Note 3)
	Officers' Plan	Suppl. Plan	At Year-End (Note 1)	At Age 65 (Note 2)				
François Desjardins	23.8	27.8	294,000	471,000	4,402,000	209,000	1,355,000	5,966,000
François Laurin	4.2	4.2	28,000	64,000	354,000	105,000	79,000	538,000
Deborah Rose	8.0	8.0	57,000	146,000	888,000	98,000	252,000	1,238,000
Stéphane Therrien	7.8	7.8	62,000	139,000	865,000	100,000	213,000	1,178,000
William Mason	1.4	1.4	10,000	74,000	43,000	115,000	29,000	187,000

Note 1: These amounts represent deferred payments accumulated as at October 31, 2019 and payable under the plans assuming retirement at age 60.

Note 2: These amounts represent projected pensions that would be payable under the plans assuming retirement at age 65.

Note 3: The present value of the defined benefit obligation represents the actualized value of the retirement benefit for the years of participation as at October 31, 2018 or October 31, 2019, as the case may be. This value was calculated using the same assumptions as for the Bank's financial statements, using a discount rate of 3.94% and 3.01% for the fiscal years ending October 31, 2018 and October 31, 2019 respectively. Furthermore, a compensation increase rate of 2.75% was used for the fiscal years ending October 31, 2018 and 2019. The assumptions used are outlined in Note 19 to the Consolidated Financial Statements found in the Annual Report.

Note 4: The variation attributable to compensation elements include the annual cost of retirement benefits and the effect of changes of base salary, plan changes or grants of years of credited service. The amount appearing in this column may also be found in the "Pension Value" column of the "Summary Compensation Table" above.

Note 5: The variation attributable to non-compensation elements includes amounts attributable to interest on the present value of the opening balance of the accrued defined benefit obligation, actuarial gains and losses (other than those associated with compensation) and changes in actuarial assumptions.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Summary Table of the Estimated Payments in Case of Termination and Change of Control

The table below sets out the effect of certain events of termination on the different components of the Named Executive Officers' compensation.

Retirement	
Base salary	Termination of salary.
Short-term incentive compensation	The annual bonus for the current year is paid, prorated to the number of months worked in the year.
Restricted share units (RSUs) and performance share units (PSUs)	Vesting of the share units continues after retirement. Payment is made at the end of the vesting period. Vested deferred share units are payable between the retirement date and December 31 of the year following the year of retirement. The President and Chief Executive Officer is required to meet shareholding guidelines for one year after retirement.
Stock Options	All stock options vest and may be exercised until December 31 in the 3rd year following the year of retirement.
Pension plans	The rights to benefits stop accumulating. Payment of a monthly pension or transfer of the pension value.
Benefit plans and perquisites	Termination of all benefits.
Termination without cause	
Base salary	For Executive Vice-Presidents, continuation for one month per year of service with a minimum continuation of 12 months and a maximum of 24 months. The continuation for the President and Chief Executive Officer is equivalent to one month per year of service with a maximum of 36 months.
Short-term incentive compensation	The annual bonus for the current year is paid, prorated to the number of months worked in the year.
Restricted share units (RSUs) and performance share units (PSUs)	Vested share units are paid upon termination. Unvested share units are prorated and paid upon termination.
Stock Options	The vested stock options may be exercised up until 90 days after termination if they are vested.
Pension plans	The rights to benefits cease to accumulate (Note 1).
Benefit plans and perquisites	Benefits (except disability insurance) will continue for a period of 12 months or until obtaining other employment.
Resignation / Termination with cause	
Base salary	Termination of salary.
Short-term incentive compensation	No annual bonus paid.
Restricted share units (RSUs) and performance share units (PSUs)	Vested share units are paid upon termination. Unvested share units are cancelled.
Stock Options	The vested stock options may be exercised up until 90 days after termination if they are vested.
Pension plans	The rights to benefits stop accumulating. Payment of a monthly pension or transfer of the pension value.
Benefit plans and perquisites	Termination of all benefits.
Termination in the year following a change of control	
Base salary	For Executive Vice Presidents, continuation of salary for 18 months. The continuation for the President and Chief Executive Officer is equivalent to one month per year of service, with a maximum of 36 months.
Short-term incentive compensation	Payment of the incentive compensation during the continuation period based on the average annual bonus paid in the three years preceding the termination.
Restricted share units (RSUs) and performance share units (PSUs)	Vested share units are paid upon termination. RSUs vest and are paid upon termination. Unvested PSUs and PSUs share units are paid based on the actual performance upon a change of control.
Stock Options	All stock options vest as at the date of change of control.
Pension plans	The rights to benefits continue to accumulate until the end of indemnity period (Note 1).
Benefit plans and perquisites	Continuation of all benefits (except disability insurance) until the end of the indemnity period.

Note 1: For the purpose of calculating the pension and reduction applicable to Mr. Desjardins' retirement plan, the age and number of years of credited service used will be increased by one month per year of service (up to a maximum of 36 months).

Summary Table of the Estimated Payments in Case of Termination and Change of Control

The table below sets out additional amounts that would have been payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2019.

Name	Compensation Components	Termination without Cause ($)	Termination in the Year Following a Change of Control ($) (Note 3)
François Desjardins	Base salary	1,400,000	1,400,000
	Short-term incentive compensation	0	1,264,550
	RSU and PSU (Note 1)	2,880,133	4,346,857
	Stock Options	0	888,297
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,483	121,979
	Total	4,283,616	8,021,683
François Laurin	Base salary	380,000	570,000
	Short-term incentive compensation	0	279,871
	RSU and PSU (Note 1)	0	0
	Stock Options	0	0
	Pension plans (Note 2)	0	222,000
	Benefit plans and perquisites	4,843	82,885
	Total	384,843	1,154,756
Deborah Rose	Base salary	420,000	630,000
	Short-term incentive compensation	0	365,980
	RSU and PSU (Note 1)	959,837	1,490,601
	Stock Options	0	363,712
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	4,843	86,885
	Total	1,384,680	2,937,178
Stéphane Therrien	Base salary	420,000	630,000
	Short-term incentive compensation	0	384,980
	RSU and PSU (Note 1)	0	0
	Stock Options	0	0
	Pension plans (Note 2)	0	52,000
	Benefit plans and perquisites	3,483	84,811
	Total	423,483	1,151,791
William Mason	Base salary	380,000	570,000
	Short-term incentive compensation	0	112,410
	RSU and PSU (Note 1)	158,606	480,624
	Stock Options	0	209,244
	Pension plans (Note 2)	0	181,000
	Benefit plans and perquisites	4,843	82,885
	Total	543,449	1,636,163

Note 1: Amounts payable with respect to non-vested rights not covered by the programs' retirement eligibility rules.

Note 2: Amounts of retirement benefits. In the columns "Termination without Cause" and "Termination in the Year Following a Change of Control", the amount of retirement benefits is the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table" above, assuming a termination on October 31, 2019. This additional value is nil for Mr. Desjardins and Ms. Rose as the value of their rights, including additional months of participation in the pension plans, is less than the value presented in the "Defined Benefit Plans Table".

Note 3: Named Executive Officers must respect their non-solicitation obligations upon termination.

PART F – CORPORATE GOVERNANCE

OUR APPROACH TO GOVERNANCE

A strong governance framework is essential to protecting the rights and interests of our stakeholders, empowering our employees and achieving success today and into the future. The policies, practices and relationships forming our governance framework allow us to balance stakeholder interests, effectively manage risk and conduct our business responsibly. The Board recognizes that governance practices will continue to evolve over time, in line with the changing scope of the Bank's business and operations, as well as emerging best practices. As part of its mandate, the HRCG Committee reviews and evaluates the Bank's governance practices against the standards set by OSFI and the securities regulatory authorities, as well as Canadian best practices in order to continue to meet the Board's objectives. The HRCG Committee regularly reports to the Board to ensure that important governance matters are appropriately discussed and deliberated.

In 2019, the Board enhanced its governance practices in a number of areas. Key highlights and initiatives are detailed in the HRCG Report, and include the following:

- **Board Renewal** - The Board welcomed a new independent Chair and two new directors in 2019 to complement the existing Board profile, adding further bench strength to its Risk Management and Audit committees, and fresh perspectives to the Board. 60% of the Board's independent directors were appointed over the last five years;

- **Shareholder Engagement** - During the past year, engagement has been a priority for the Board. The Chairs of the Board, HRCG Committee and Audit Committee held a number of engagement meetings to gain feedback from shareholders and other stakeholders on the Bank's practices and evolving issues including executive compensation, environment, social and governance matters and cybersecurity;

- **Diversity** - The Bank continued its long-standing support for board diversity in 2019 with the appointment of another independent female director. If elected at the meeting, 50% of the Bank's independent directors will continue to be female, exceeding the Bank's minimum target of 30% representation by each gender;

- **Governance Framework** - The Bank continued to enhance its governance framework with the update of existing position descriptions for the Chair of the Board and the Chief Executive Officer as well as the adoption of new position descriptions for other key control functions of the Bank; and

- **Environmental and Social** - The Bank engaged consultants to advise it in developing a sustainability program, commensurate with its size and resources, and to assist it in enhancing its disclosure in relation to environmental, social and governance issues and associated risks.

At the core of the Bank's governance framework are Board and corporate policies, guidelines, Board and committee mandates, and key position descriptions, all of which are used to further define the expectations, responsibilities and accountabilities of the Board, Management and employees of the Bank. Select core governance policies and practices are described more fully below.

ABOUT OUR BOARD

Role of the Board

The Board is responsible for oversight of the business and affairs of the Bank, including the Bank's strategic planning and direction, identifying the principal risks of the business and ensuring the implementation of systems to manage risk, succession planning and creating a culture of integrity throughout the organization. The Board discharges its responsibilities directly and through the committees of the Board: the Audit Committee, the Risk Management Committee, and the Human Resources and Corporate Governance Committee. Each committee of the Board operates under a formal mandate which is reviewed, and if necessary, updated on an annual or more frequent basis. In fulfilling its responsibilities, the Board delegates day-to-day authority to Management, while reserving the ability to review Management decisions and exercise final judgment on any matter. The *Bank Act* (Canada) specifies important matters the Board must address, such as the approval of financial statements and declarations of dividends. In 2016, the Board adopted a formal Board Governance Policy, which sets out the responsibility of the Board for the stewardship of the business of the Bank and which comprises, among other matters, the Directors Code of Conduct, the Board and committee mandates, the position descriptions, and various policies, including those relating to diversity, majority voting and membership on other boards. The Board Governance Policy provides shareholders and other stakeholders with a clear vision of the Board's governance policies and practices and can be found in the "*Governance and Social Responsibility*" section of the Bank's website. In addition, a copy of the Board Mandate is attached as Schedule "C" to this Circular.

Composition of the Board

The number of nominees proposed for election at the Meeting has been set at eleven (11) which reflects the addition of two (2) new members to the Board earlier in 2019, being Ms. Andrea Bolger and Mr. David Mowat. These additions bring additional expertise to the Board and to its Risk Management and Audit Committees that support succession planning and will allow for an orderly transition of responsibilities as appropriate. Lise Bastarache has indicated her current intention not to stand for re-election in 2021 following completion of the integration of the new members of the Board.

Key Position Descriptions

The Board has developed a written position description for the Chair of the Board and Committee Chairs, as well as for the President and Chief Executive Officer. The Chair of the Board is responsible for the management, development and effective performance of the Board and provides leadership in every aspect of the Board's mandate. The relationships between the Board, Management, shareholders and other stakeholders are critical to the Board's ability to fulfill its responsibilities. The Chair, as the Board's presiding member, ensures that these relationships are effective, efficient and further the best interests of the Bank. The President and Chief Executive Officer is responsible for directing and overseeing the effective management and operations of the Bank, within the authority delegated by the Board, and in compliance with applicable laws and regulations. The text of these position descriptions can be found in the Board Governance Policy available on the Bank's website.

In addition, the Board has reviewed and updated position descriptions for other key oversight functions of the Bank, including the Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Chief Regulatory Risk Management Officer, Chief Anti-Money Laundering Officer, Chief Internal Auditor, Chief Privacy Officer, General Counsel and Treasurer.

Director Independence

Director independence from Management is essential to effective oversight of the Bank's business and affairs. It is the Board's practice to recruit independent directors, and to assess any proposed nominee's relationships with the Bank or its subsidiaries before proposing him or her as a new director. The Board determines the independence of each director by collecting and assessing, amongst other things, the following information:

- directors' responses to an annual questionnaire;
- biographical information of directors; and
- internal records on each director and entities affiliated with directors and the Bank.

Of the eleven (11) directors nominated for election, the Board has determined that ten directors are independent, as that term is defined in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). NI 52-110 defines an "independent director" as a director who has no direct or indirect material relationship with the Bank. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of such member's independent judgment, and certain relationships are deemed to be material. The Board has determined that all the directors are independent, other than Mr. Desjardins, who serves as the President and Chief Executive Officer of the Bank.

The Board has also established procedures to enable it to function independently of Management and to facilitate open and candid discussions among the independent directors. Our independent Chair allows the Board to operate autonomously of Management and provides leadership to the independent directors. *In camera* sessions are held at regularly scheduled Board and committee meetings and all committees of the Board are comprised entirely of independent directors.

Outside Board Memberships and Board Interlocks

The Bank monitors the outside boards on which the directors serve to determine if there are circumstances that would impact a director's ability to exercise independent and impartial judgment and to confirm each director has enough time to fulfill his or her commitments. Directors must devote sufficient time and energy to their role as director to effectively discharge their duties to the Bank and the Board. Currently, no director sits on more than three (3) boards of public companies in addition to the Bank. The Bank limits the number of directors that may sit on the same board of another reporting issuer to two, unless the prior consent of the Chair of the Board is obtained. Part C - *Director Nominees* of this Circular presents a brief biography of director nominees and indicates on which reporting issuer Boards they sit or have sat over the past five years. Currently, none of the director nominees sit on the same board of another reporting issuer.

Our Commitment to Diversity

The Bank has played a leadership role among Canadian banks with respect to female representation on its Board. It was the first institution of its kind in Canada to name a woman as Chairperson in 1997, and subsequently, Ms. Isabelle Courville served as Chair of the Board from 2013 - 2019. Currently, there are five (5) female directors on the Board representing 50% of the independent Board members. In addition, two (2) of the three (3) Board committees are chaired by women. In addition, Board members have been selected to ensure diversity expertise is represented, notably, since 2018 Ms. Susan Wolburgh Jenah has been a sponsor of Catalyst's Women on Board Program to advance gender diversity on corporate boards. The Bank recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining a competitive advantage.

The Board has approved a Diversity Policy that sets out a framework for the Board's commitment to promoting diversity, including gender diversity of its Board. The Board Diversity Policy provides that, in the context of nomination process, the HRCG Committee will consider the merit of potential candidates based on a balance of skills, abilities, personal qualities, and professional experience, and including diversity considerations such as gender, race, age and regional and industry experience.

Furthermore, in reviewing Board composition, and effectively discharging its duties and responsibilities, the HRCG Committee reviews annually the size and composition of the Board to identify imbalances or gaps, as well as opportunities that are associated with further diversification. In identifying suitable candidates for appointment to the Board, the HRCG Committee will consider candidates based on merit against objective criteria, while recognizing the benefits of diversity.

The Board Diversity Policy sets a target that each gender comprises at least 30% of the Board's independent directors. Following the Meeting, and if all nominees are elected as contemplated in this Circular, 5 of the 10 proposed independent Board members (50%) will be women.

The Board Diversity Policy is included in the Board Governance Policy available on the Bank's website.

Employee Diversity

The Board and Management believe that diversity and inclusion efforts contribute to a culture of performance and enhance decision making at all levels of the organization. Accordingly, the Bank has a Diversity Committee who evaluate our approach on an ongoing basis to ensure the Bank is responsive to evolving best practices in diversity and inclusion. In its recruiting and staffing efforts, the Bank seeks out diversity of gender, background, experience and perspective in order to foster diversity of thought and to build diverse teams. Among the Bank and its subsidiaries 55% of team members and 45% of leadership members are women. Among the Bank’s officers 23 of 66 are women representing 34% of our senior management team. Although the Bank has not adopted a formal target regarding employee diversity, the Bank monitors the diversity of its workforce on an ongoing basis and when the time comes to select a candidate for a new position or as a replacement, the Bank considers the benefit of diversity in its selection criteria.

Competencies and Expertise of Board Members

In order to ensure optimal composition of the Board and to benefit from the complementarity of Board member skill set, the HRCG Committee has established a comprehensive and diversified matrix of required skills and experience with which the committee evaluates each director. When filling a seat on the Board , the HRCG Committee determines the sought-after profile and applies certain selection criteria. Such criteria include, among others, expertise, independence, diversity, duration of tenure and membership on other boards of directors. Each proposed nominee is interviewed by the Chair, as well as a number of directors of the Bank, and meets with the President and Chief Executive Officer.

Members of the Board have a broad range of competencies and expertise which fulfill the Bank’s needs. The chart below reflects the diversity of such competencies and expertise which are relevant to the Bank:

	Lise Bastarache	Sonia Baxendale	Andrea Bolger	Michael T. Boychuk	François Desjardins	A. Michel Lavigne	David Morris	David Mowat	Michael Mueller	Michelle R. Savoy	Susan Wolburgh Jenah	Total
Corporate Governance / Public Policy	√	√	√	√	√	√	√	√	√	√	√	11
Financial Expertise	√	√	√	√	√	√	√	√	√	√		10
Risk Management	√	√	√	√	√	√	√	√	√	√	√	11
Corporate Social Responsibility and Sustainability				√		√		√		√	√	5
Human Resources / Compensation	√	√	√	√	√	√		√	√	√	√	10
Technology / Real Estate / Project Management		√	√	√	√			√				5
Legal / Regulatory Affairs / Compliance			√	√		√	√				√	5
Financial and Banking Services	√	√	√	√	√	√	√	√	√	√	√	11
Financial Markets / Treasury	√		√	√			√	√	√	√	√	8

Annual Evaluation

The composition, skill set and performance of the Board, its committees and Chairs is assessed on an annual basis using the Board skills matrix and through self -assessment process administered by the Chair of the HRCG Committee, in conjunction with the Chair of the Board. Each year, Board members are asked to complete self-evaluations of performance, the performance of other Board members, including committee chairs and the Board Chair, as well as the performance of the Board as a whole and each committee, respectively. The Board Chair meets with all Board members to discuss their evaluation; and the HRCG Committee Chair reports to the HRCG Committee and to the entire Board with respect to the conclusions of the performance evaluation process and makes recommendations on Board composition and other potential improvements.

In 2019, the HRCG Committee also engaged Hexarem, an independent consultant, to assist it in the review and evaluation of the results of the self-assessment questionnaires and to compile and report on the results to the HRCG Committee.

Orientation and Ongoing Training

The Board has a formal introduction process to help new Board members quickly understand their role and the Bank's strategic orientation and positioning in the market, as well as the Board's areas of focus, which consists of the following:

- An electronic manual is provided to each new director which contains all the basic information pertaining to the Bank, such as its organizational structure, letters patent and general by-laws, the Board Governance Policy, as well as other policies and documents concerning the duties and responsibilities of Board members;
- All new directors participate in an integration program via electronic media and are invited to take part in a training session aimed at familiarizing them with the Bank and with the obligations and responsibilities of their position; and
- Meetings are organized with the Board Chair, the Bank's President and Chief Executive Officer and various executive officers.

Board committee documentation is made available to all directors, who are invited to participate in meetings of committees which they do not sit on. These initiatives serve to promote the development of their knowledge of the Bank's affairs.

Most Board meetings include presentations on subjects of interest to directors. During 2019, members of the Board received the following training sessions and presentations:

- Enterprise Risk Management and the Role of the Board;
- Anti-Money Laundering and Terrorist Financing and Sanctions Training;
- Advanced Internal Ratings Based-Capital Measurement;
- Open Banking;
- Financial Services 2040;
- Cyber Risk - Emerging trends and management; and
- Artificial Intelligence in Banking.

SERVING AS A DIRECTOR

Composition of the Board and Selection of Director Nominees

This year eleven (11) directors are nominated for election, and the Board believes that this is an appropriate size to generate open and engaging discussions, to make sure the committees have the right combination of skills, to allocate responsibilities appropriately and to facilitate board renewal. Directors are elected for a term of one year. Between annual shareholder meetings, the Board may appoint additional directors. In selecting director nominees, the HRCG Committee decides what skills and competencies the Board requires and assesses the skills of current Board members to identify and recommend suitable candidates. Additional information about Board competencies is described under the heading "*Competencies and Expertise of Board Members*", above.

Individual Elections and Majority Voting Policy

Voting for the election of the directors is conducted on an individual, and not slate, basis. The Bank has adopted a Majority Voting Policy for the election of directors. Accordingly, if a director standing for election or re-election in an uncontested election does not receive the vote of at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director will promptly tender his or her resignation to the Board. Within 90 days after the election results, the Board will decide whether to accept or reject the resignation and the Board's decision will be publicly disclosed.

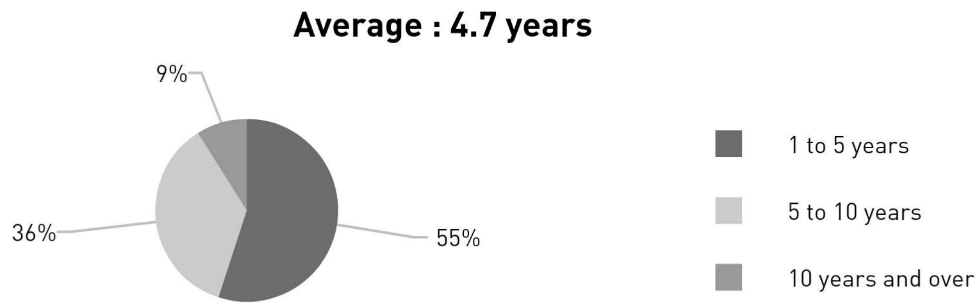
Nomination by Shareholders

Any shareholder who wishes to recommend a candidate to be considered by the HRCG Committee may submit the candidate's name and biographical information, including background, qualifications and experience to the Chair of the HRCG Committee. In addition, the *Bank Act* (Canada) provides a formal process for shareholders, holding in aggregate 5% of the Bank's shares, to nominate director candidates in the Bank's Circular.

Director Tenure

The Bank's Board has adopted, as a component of the Board Governance Policy, a tenure policy that provides guidelines with respect to director tenure but does not formally prescribe the age of retirement. Instead, the Bank's Board prefers an approach based on skills and experience in consideration of the needs of the Bank, the contribution of each director and the Bank's evaluation process. The Board Governance Policy provides that the tenure of directors is generally between 10 and 15 years. The tenure of a Board or committee Chair, in such role, should generally be between five and eight years. The Board may propose longer tenures in certain circumstances, including a director's recent nomination as Board or committee Chair, or his/her expertise or experience on a topic relevant to the Bank. The presence of more experienced directors and their related expertise on the Board adds value that benefits both the Bank and its shareholders. The HRCG Committee reviews annually the number of directors on the Board and the duration of their mandates. Twelve new independent members have been appointed to the Board in the past 11 years, demonstrating that the Bank's preferred approach to Board onboarding and succession is both effective and successful.

The tenure of directors standing for election at the 2020 Meeting can be summarized as follows:



The Bank continues to review its membership, to ensure both an effective renewal of the Board in the future, and a renewal rate that is in line with its business strategy.

Succession Planning

Developing leaders is at the core of the Bank's talent review process and the HRCG Committee facilitates conversations about strengths, opportunities for improvement, and career advancement for key leadership positions. The HRCG Committee also addresses gaps and risks to ensure successors have a high quality and measurable short- and long-term development plan, with critical experiences identified, to close development gaps and support advancement.

The HRCG Committee oversees the Bank's succession planning process for key leadership positions while the Board approves, based on recommendation by the HRCG Committee, the succession planning process for the President and Chief Executive Officer.

As part of this process, the HRCG Committee, through an annual readiness assessment, identifies individuals who can be appointed in case of emergency, who are ready immediately or who will be ready in a short period of time, ranging from 1-2 years and up to 5 years. Furthermore, diversity is an important factor considered in order to foster innovation and drive performance.

In 2019, the Board also focused on Board succession planning as a component of its Board renewal initiatives. See "*Composition of the Board and Selection of Director Nominees*" above. For certain key roles the Board may form a special committee to conduct recruitment efforts. In 2018, a special committee was constituted to oversee the appointment of the independent Chair of the Board.

Director Attendance

Board members are expected to attend all board meetings and meetings of committees of the Board on which they serve. The attendance record of each of the director for the 2019 fiscal year is presented in Part C - *Director Nominees* of this Circular. The Board held 8 regular meetings and 1 special meeting during the 2019 fiscal year. During each of these meetings, the directors met in the absence of management.

Compensation

Through its HRCG Committee, the Board ensures that director compensation is adequate and competitive. Information regarding compensation of directors is available in Part D - *Compensation of Directors* of this Circular.

ENGAGING WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Board and Management recognize the importance of timely and meaningful feedback from shareholders and other stakeholders. Accordingly, we facilitate open and constructive communication and regularly review our engagement strategies for alignment with best practices. The Bank communicates externally through various channels, including our annual report, management proxy circular, annual information form, Social Responsibility Report, news releases, website, and meetings. Our quarterly earnings call is open to all and is broadcast live. In addition, our website provides extensive information about the Board, its mandate, the Board committees and their charters, as well as information about our directors.

Feedback from institutional shareholders comes from one-on-one or group meetings, and by email or telephone from retail shareholders, in addition to regular informal interactions on specific questions between our Investor Relations Department and shareholders. During the past year, engagement has been a priority for the Board. The chairs of the Board, HRCG Committee and

Audit Committee held a number of shareholder engagement meetings to gain feedback from shareholders on the Bank's governance practices and ways to improve them. Specifically, following last year's annual shareholder meeting, the Bank solicited feedback from 25 of its largest institutional shareholders, holding shares equivalent to approximately 97% of total number of shares voted at the meeting. Nine of these shareholders accepted our invitation to engage, representing approximately 60% of institutional shareholdings. Our outreach initiatives helped us to understand common areas of concern, the majority of which have been addressed through enhanced disclosure. In particular, we have provided improved transparency and additional information with respect to our short-term and long-term incentives, as set out in Part E - *Executive Compensation* of this Circular.

The Board is committed to being responsive to shareholder concerns and taking meaningful and appropriate actions in response. We believe our approach reflects best practices in shareholder engagement. To communicate directly with the Board, we encourage shareholders to contact us by email to the Bank's Corporate Secretary at corporate_secretariat@lbcfg.ca, directly to the Chair of the Board at mike.mueller@lbcfg.ca, or by mail at 1360 René-Lévesque Boulevard West, Suite 600, Montreal. Quebec, H3G 0E5.

Disclosure Policy

The Board has approved a disclosure policy (the "**Disclosure Policy**") that is designed to formalize the Bank's policies and procedures relating to the dissemination of material information. The Disclosure Policy designates certain employees as authorized spokespersons of the Bank and establishes disclosure guidelines for determining whether information is material and how it is to be disclosed. The Disclosure Policy also includes procedures designed to avoid selective disclosure and to ensure that timely and accurate information is provided by the consolidated subsidiaries of the Bank to senior management of the Bank for inclusion in the Bank's statutory disclosure documents. The Board and, as applicable, the Audit Committee and HRCG Committee, approve the statutory disclosure documents prior to their distribution to shareholders.

CONDUCT AND CULTURE

The Board champions the highest standards of ethical conduct to ensure that the Bank operates with integrity and in full compliance with all applicable laws and regulations and to maintain the trust of our clients, investors, colleagues and the community. Together with Management, the Board sets the tone at the top and is responsible for fostering an open and transparent culture that is aligned with our values.

Accordingly, the Board has adopted a Directors' Code of Conduct as well as a Code of Ethics that applies to all employees. The Bank's Code of Ethics (the "**Code**"), rooted in our values, outlines our expectations for ethical behaviour. In addition to mandatory officer and employee training every year, all officers, employees and directors must confirm that they have read, understood, complied and will continue to comply with the Code.

The Board acts in accordance with the Directors' Code of Conduct, which incorporates by reference the Code, both of which are overseen by the HRCG Committee. To ensure ethical and independent decision-making by the Board, the Directors' Code of Conduct provides general guidelines on conflicts of interest and related obligations in the event that a conflict should arise. Directors with a material interest in a matter are not present for any related discussion or vote coming before the Board.

The full text of the Bank's Code of Ethics and the Directors' Code of Conduct is available on SEDAR at www.sedar.com.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The HRCG and Risk Management Committees of the Board share responsibility for oversight of the strategies and risks associated with corporate responsibility and issues related to environment, social and governance ("**ESG**") issues. We understand that ESG initiatives are interconnected with our business performance and are relevant to our diverse stakeholders. In particular, the Bank is committed to enhancing its approach with respect to management and disclosure of climate-related risks and opportunities. Accordingly, we have retained an external consultant to assist us in developing a sustainability program, commensurate with our size and resources, which will include a road map leading to the adoption of the recommendations of the Financial Stability Board's Task-Force on Climate-related Financial Disclosures (TCFD).

Director Expertise

Several members of the Board have occupied, or presently occupy, positions within governmental, para-governmental and commercial organizations that enable them to evaluate and discern issues related to corporate social responsibility, sustainability and ESG issues.

Throughout the course of his career, particularly during his time with companies like Bell Canada and J.W. MCConnell Family Foundation, Mr. Michael T. Boychuk developed considerable expertise in sound corporate sustainable development practices. Between 2002 and 2006, Mr. Boychuk directed the group responsible for the environment at Bell Canada, whose mandate was to follow and respect the United Nations Global Compact aimed at getting organizations around the world to adopt a socially responsible attitude and committing to the integration and promotion of numerous principles related to human rights, international labour standards, and the fight against corruption. Mr. Boychuk is currently a director of the J.W. McConnell Family Foundation, which has financed a major international program that encourages youths to actively participate in the creation of a sustainable future in collaboration with their schools and communities.

Over the course of her career at the Investment Industry Regulatory Organization of Canada (IIROC) and the Ontario Securities Commission (OSC), Ms. Wolburgh Jenah played a leadership role in developing a robust investor protection framework and enhanced standards of business conduct and market integrity in the financial services industry. She was actively involved in global standard setting bodies including serving as Chair of the International Forum for Investor Education, a not-for-profit organization whose mandate is to promote investor education and financial literacy. Throughout her career, Ms. Wolburgh Jenah has served on a wide variety of not-for-profit, regulatory and public sector boards and advisory committees. For example, she served on the Board of the Institute of Corporate Directors (2004-2011) and as the Ontario Government's nominee on the Board of the Global Risk Institute (2011-2017), a public-private partnership focused on world-class research and best practices in integrative risk management across multiple sectors. Ms. Wolburgh Jenah is also an active community participant including past service as a member of the Dean's Council, Ted Rogers School of Management, Ryerson University; and as an Adjunct Professor at Osgoode Hall Law School. She currently serves on the Board of the Humber River Hospital.

Refer to the biographies in Part C - *Director Nominees,* and the matrix of competencies and expertise of Board members in Part F - *Board Corporate Governance* of this Circular.

Bank's Social Responsibility Report

The Bank has been producing a Social Responsibility Report annually since 2007. This publication presents an overview of the organization's practices with respect to governance, ethical and respectful relations, employee development, community involvement and reduction of its ecological footprint. In line with its commitment to environmental protection, the Social Responsibility Report is available in electronic format on the Bank's website.

ADDITIONAL INFORMATION

Further information on the Bank's corporate governance practices can be found in the "*Corporate Governance*" section of the Bank's Annual Report.

BOARD COMMITTEES

The Bank's Board has three committees - the HRCG Committee, the Audit Committee and the Risk Management Committee, each composed exclusively of independent directors. Members meet regularly in the absence of management, as indicated in the table below. In addition, the Audit Committee and the Risk Management Committee regularly meet in private with the officers in charge of surveillance functions (Internal Audit and Chief Risk Officer, among others). The Board may create special committees in performing its duties, and delegate responsibilities to them as it deems appropriate.

Under the *Bank Act* (Canada), the Bank's Board of Directors is required to have an Audit Committee and a Conduct Review Committee. The mandate of the Board's Risk Management Committee includes the responsibilities that must be discharged by the Conduct Review Committee.

Committee Members

The table below presents the members of each committee of the Board as at the date of this Circular.

Name	Independent	Human Resources and Corporate Governance	Audit	Risk Management
Lise Bastarache	Yes		√	
Sonia Baxendale	Yes	√		Chair
Andrea Bolger	Yes			√
Michael T. Boychuk	Yes		Chair	√
François Desjardins	No			
A. Michel Lavigne	Yes	√		
David Morris	Yes		√	
David Mowat	Yes		√	
Michael Mueller	Yes			
Michelle R. Savoy	Yes	Chair		√
Susan Wolburgh Jenah	Yes	√		√

Further information regarding the Audit Committee can be found in section 12 of the Bank's Annual Information Form. The mandates of the three Board Committees can be found in the Board Governance Policy available on the Bank's website and an overview of each committee is outlined below.

Audit Committee

The Audit Committee is comprised of four (4) independent directors and is mandated to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting. Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110. An individual is financially literate if he or she is able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements. As set out in the Audit Committee mandate, the Audit Committee is responsible for overseeing, among other matters, the work of the Bank's external auditor, the integrity of the Bank's financial statements and financial reporting process, the qualifications and independence of the external auditor and the work of the Bank's financial management and external auditor in these areas. The Audit Committee reviews and recommends to the Board for approval, the Bank's annual and interim consolidated financial statements and related management's discussion and analysis and selected disclosure documents, including information pertaining to the Audit Committee contained in the Bank's annual information form and any other financial information required by regulatory authorities, in each case, before they are released to the public or filed with the appropriate regulators. The Audit Committee reviews its charter at least annually and recommends changes to the Board with respect to its charter, as necessary. In addition, in accordance with NI 52-110, the Audit Committee ensures that there are procedures in place for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In this regard, the Bank has established a Whistleblower Policy outlining such confidential reporting process.

See below for a summary of Audit Committee activities in 2019.

Human Resources and Corporate Governance Committee

The HRCG Committee is comprised of four (4) members, each of whom is an independent director. The HRCG Committee is responsible for developing the Bank's approach to corporate governance issues and is charged with enhancing the Bank's governance through an ongoing assessment of the Bank's approach to corporate governance. As well, the HRCG Committee oversees the administration of the Bank's equity compensation plans, assists in the discharge of the Board's responsibilities relating to the compensation of certain of the Bank's executives, reviews and makes recommendations on director and executive compensation, including the compensation package of the chief executive officer, and is responsible for approving the Bank's report on executive compensation, as required by applicable securities laws. The mandate of the HRCG Committee also includes reviewing the size and overall composition of the Board with a view to assisting the Board in determining whether it is appropriate to undertake a program to increase or decrease the number of directors of the Bank, reviewing proposed new nominees to the Board and reviewing and assessing, on a periodic basis, the performance and contribution of the directors of the Bank. In fulfilling its responsibilities, the HRCG Committee has the authority to retain a compensation consultant for assistance, if required, in the evaluation of employee, officer and director compensation.

See below for a summary of HRGC Committee activities in 2019.

Risk Management Committee

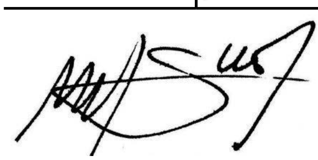
The Risk Management Committee is comprised of five (5) independent directors and is mandated to assist the Board in fulfilling its oversight responsibilities with respect to risk management. In fulfilling its mandate, the Risk Management Committee is responsible for identifying the Bank's principal risks and ensuring the implementation of systems capable of managing them appropriately. It approves material frameworks, plans and policies and ensures the integrity and effectiveness of internal controls and systems. In particular, the Risk Management Committee oversees regulatory risk management and ensures the Bank's Management has established appropriate mechanisms for compliance with various laws and regulations including requirements under the *Bank Act* (Canada). In addition, the Risk Management Committee approves the Bank's Risk Appetite and Risk Management Framework and oversees the Bank's risk-taking activities and performance against its established risk appetite. As part of its oversight of enterprise-wide risk, the Risk Management Committee is also responsible for overseeing the identification of new and emerging risks including those associated with environmental and social issues.

See below for a summary of Risk Management Committee activities in 2019.

Committee Reports

The purpose of the reports presented below is to provide shareholders with a better understanding of the work of the Board's three committees during the last completed fiscal year and, thereby, foster better corporate governance.

Report of the Human Resources and Corporate Governance Committee	
Members as at the date of Circular	Michelle R. Savoy, Chair Sonia Baxendale A. Michel Lavigne Susan Wolburgh Jenah
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee reviewed its mandate and is satisfied that it has fulfilled its responsibilities for fiscal 2019.
The members of the Committee met privately without the presence of management at each meeting.	
The main accomplishments of the Human Resources and Corporate Governance Committee (the "Committee") during the most recently completed fiscal year are as follows:	
Human Resources	➢ The Committee reviewed and approved the Bank's Compensation Policy, the main provisions of which are presented in Part E - *Executive Compensation* of this Circular. ➢ In collaboration with the Risk Management Committee, the Committee reviewed and determined that the Bank's current compensation programs continue to be aligned with the Bank's Risk Appetite Framework, the Financial Stability Board's Principles for Sound Compensation Practices, OSFI's requirements and the requirements of other jurisdictions in which the Bank operates. ➢ The Committee reviewed the President and Chief Executive Officer's performance for the past fiscal year, and recommended his compensation to the independent members of the Board of Directors for approval. ➢ The Committee reviewed the evaluations of the members of the Executive Committee and their objectives for the upcoming year. It reviewed and approved executive compensation, including base salary and long-, medium- and short-term incentive compensation. A detailed report on these subjects can be found in Part E - *Executive Compensation* of this Circular. ➢ The Committee reviewed the target bonus of the Bank's Short-Term Incentive Compensation program applicable to Executives, as described in greater detail in Part E - *Executive Compensation* of this Circular. ➢ In collaboration with the Risk Management Committee, examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➢ The Committee approved the employee salary budget for 2020 as recommended by management. ➢ The Committee reviewed the incentive compensation programs for management employees and executives. ➢ The Committee together with the Board of Directors reviewed the talent management report and succession plan. ➢ The Committee recommended enhancements to the Bank's disclosure in the Part E - *Executive Compensation* of this Circular to demonstrate better alignment with the industry and best practices. ➢ The Committee recommended the execution of the new collective agreement with the union and the Bank. ➢ The Committee recommended the appointment of an Executive Vice President, Capital Markets. ➢ The Committee reviewed and approved a new peer group for the Bank.
Pension Plan	➢ The Committee reviewed the performance reports of the various pension plans. ➢ The Committee was presented with the actuarial valuation results of the various pension plans. ➢ The Committee received information on the amendments to the pension plan investment policy.
Corporate Governance	➢ The Committee met with shareholders, shareholder advocacy groups and advisors to discuss the Bank's compensation program and practices. ➢ The Committee reviewed the composition of the Board of Directors, taking into consideration the Bank's strategy, as well as the selection of director nominees, as is more fully described under section "*Composition of the Board and Selection of Director Nominees*" in Part F- *Corporate Governance* of this Circular. ➢ The Committee reviewed the 2018 report on background checks on directors and senior management, as required by the OSFI's E-17 Guideline. ➢ The Committee coordinated the process for evaluating the Board of Directors, the committees and their members. Further information on this process can be found under "Annual Evaluation" in Part F - *Corporate Governance* of this Circular. ➢ The Committee monitored the preparation of this Circular. ➢ The Committee supervised the integration process of two new directors. ➢ The Committee recommended to the Board of Directors the nomination of two new members to its Board of Directors. ➢ The Committee approved new mandates of the head of oversight functions. ➢ The Committee adopted a gender policy target among the independent members of the Board of Directors. ➢ The Committee kept itself informed on various subjects related to corporate governance.



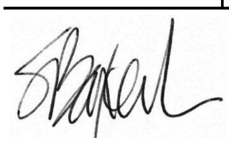
Michelle R. Savoy, Chair

Report of the Audit Committee	
Members as at the date of Circular	Michael T. Boychuk, Chair Lise Bastarache David Morris David Mowat
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee is satisfied that it has fulfilled its responsibilities for fiscal 2019.
The members of the Committee met privately in the absence of management at each meeting.	
The main accomplishments of the Audit Committee (the "Committee") during the most recently completed fiscal year are as follows:	
With Respect to the External Auditor	➢ The Committee monitored the Bank's external auditor's engagement throughout the year. ➢ The Committee reviewed and approved the 2019 Audit Plan as well as detailed information regarding key audit and accounting issues pertaining to the annual audit, and their quarterly reports pertaining to the review engagements. ➢ The Committee performed the annual assessment of the external auditor, including audit quality considerations, including: auditor independence, objectivity and professional skepticism; quality of the engagement team provided by the external auditor; and the Canadian Public Accountability Board inspection findings. Based on its evaluation, the Committee recommended to the Board of Directors the appointment of the external auditor. ➢ The Committee reviewed the Policy on Approval of Services Provided by External Auditors. Further details on the auditor's fees for the last fiscal year can be found under the heading "*Appointment of the Auditor*" in Part B - *Business of the Meeting* of this Circular. ➢ The Committee met on a quarterly basis with the external auditor in the absence of management.
With Respect to Financial Information	➢ In accordance with its mandate and the Bank's Financial Information Disclosure Policy, the Committee reviewed, and recommended for approval by the Board of Directors, the Bank's Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards and related Management's Discussion and Analysis, financial releases, and the Annual Information Form. ➢ The Committee reviewed, and recommended for approval by the Board of Directors, earnings releases on quarterly and annual results. ➢ The Committee reviewed the annual financial statements of the subsidiaries regulated by the Office of the Superintendent of Financial Institutions (Canada). ➢ The Committee reviewed and approved the financial statements of the Bank's various pension plans. ➢ The Committee reviewed and assessed tax impacts on the organization.
With Respect to the Internal Audit Function	➢ The Committee reviewed and approved the mandate and audit plan of the Internal Audit function and ensured the sufficiency of its resources on an annual basis. It also examined the main findings, recommendations and follow-ups thereon, as well as the internal auditor's opinion on internal controls. ➢ The Committee met on a quarterly basis with the Bank's internal auditor in the absence of management to discuss all aspects of its mandate and any related issues. ➢ The Committee reviewed the independence and performance of the Chief Internal Audit and the Internal Audit Function and the Internal Audit function's budget for fiscal 2020. ➢ The Committee received the 2018 Annual Opinion from the Internal Audit as well as the Internal Audit Charter.
With Respect to Internal Controls	➢ The Committee ensured that management had implemented and maintained appropriate internal control procedures, including internal control over financial reporting. During the year, the Committee reviewed management's progress toward its assessment that internal control over financial reporting was effective and received management's report each quarter and for the year ended October 31, 2019. ➢ The Committee received a letter of certification from management covering all of the Bank's operations for the fiscal year ended October 31, 2019 and for each of the quarters of fiscal 2019.
With Respect to Regulatory Authorities	➢ On an ongoing basis, the Committee ensured that proper consideration was given to the recommendations and questions raised by the regulatory authorities, including reports on significant legislative and regulatory developments, significant litigation, compliance with banking law and regulatory matters, material transactions with related parties, and the Bank's whistleblowing regime. ➢ The Committee received reports from management regarding the Bank's regulatory capital ratios. ➢ The Committee reviewed reports from the Ombudsman on the handling of complaints and comments about suspicious accounting and audit-related activities ➢ The Committee approved the Chief Financial Officer's mandate. ➢ The Committee, along with the other members of the Board, met with representatives of OSFI in the absence of management.

Michael T. Boychuk, Chair

Report of the Risk Management Committee	
Members as at the date of Circular	Sonia Baxendale, Chair Andrea Bolger Michael T. Boychuk Michelle R. Savoy Susan Wolburgh Jenah
Independence	➢ The Committee is composed entirely of independent directors.
Mandate Review	➢ The Committee is satisfied that it has fulfilled its responsibilities for fiscal 2019.
The members of the Committee met on a quarterly basis with the officers charged with oversight functions (Internal Audit, Risk Management and Regulatory Risk Management) in the absence of management to discuss all aspects of their respective mandates and related issues. The members of the Committee also met privately in the absence of management at each meeting.	

The main accomplishments of the Risk Management Committee (the "Committee") during the most recently completed fiscal year are as follows:	
Oversight Functions	➢ Each quarter, the Committee received an integrated risk management report from the Chief Risk Officer, which enables it to assess whether the Bank has an adequate and effective process for managing major risks. The report covers strategic, business, credit, liquidity and funding, structural interest rate, market (arbitrage and secondary liquidities) risks, regulatory operational risks, as well as reputational and insurance risks. The report also monitors whether the risks are within the Bank's risk appetite and limits. ➢ The Committee engaged in detailed discussions with Management on risk management and risk strategies related to key businesses and products. ➢ The Committee reviewed changes to the insurance program. ➢ The Committee reviewed the Capital Adequacy Report (ICAAP) and recommended its approval to the Board of Directors. ➢ The Committee kept itself informed on findings and recommendations of OSFI. ➢ After its examination of risks, the Committee reviewed and approved changes made to the policies, plans, procedures and codes under its responsibility and recommended their approval to the Board of Directors, as required. ➢ The Committee closely monitored changes in the Bank's loan portfolio, in particular, impaired loans and watch list loans, as well as the status of loan losses and the adequacy of loan loss provisions. ➢ The Committee reviewed and, when appropriate, approved certain loans that exceeded the limits set out in the credit policies. ➢ Jointly with the HRCG Committee, the Committee examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➢ The Committee ensured that follow-ups were conducted on material aspects of regulatory risk management. ➢ The Committee kept itself informed of the Bank's activities aimed at detecting and deterring money laundering and terrorist activity financing, and it reviewed the annual and semi-annual reports before their filing thereof. ➢ The Committee kept itself informed on a regular basis on the regulation regarding capital and liquidity risk governance, including the implementation of the new capital rules (Basel III). ➢ The Committee monitored the implementation of the advanced internal rating-based approach. ➢ The Committee reviewed the crisis simulation framework, whose objective is to test the Bank's resistance of the various risks to which it is exposed. ➢ The Committee reviewed and approved the Bank's recovery plan. ➢ The Committee reviewed the IT Governance Framework and the New 2-year IT Security Plan. ➢ The Committee received the Ombudsman's annual report. ➢ The Committee discussed top and emerging risks including information and cybersecurity. ➢ The Committee reviewed regulatory communications with management and discussed action plans. ➢ The Committee approved the Corporate Insurance Program.
Conduct Review Functions	➢ As required, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable. ➢ The Committee also approved the directors' report on the work of the Committee for its conduct review functions and its submission to the OSFI.



Sonia Baxendale, Chair

PART G – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all existing and former executive officers, directors and employees of the Bank or its subsidiaries as at January 31, 2020.

Purpose	To the Bank or its Subsidiaries
Other	$256,326,160

Indebtedness of Directors and Executive Officers under Securities Purchase Programs and Other Programs

The following table sets forth the indebtedness towards the Bank or its subsidiaries of each individual who is, or at any time during the Bank's most recently completed fiscal year was, a director or executive officer of the Bank, each proposed nominee for election as a director of the Bank and each associate of any such person, except for routine indebtedness as defined in securities legislation and indebtedness that has been entirely repaid at the date of this Circular.

Name and Principal Position	Involvement of the Bank or Subsidiary	Largest Amount Outstanding during Most Recently Completed Fiscal Year ($)	Amount Outstanding as at January 31, 2020 ($)
François Desjardins President and Chief Executive Officer	B2B Bank and Laurentian Bank Securities (lenders)	1,357,500 (Note 1)	1,050,500
François Laurin Executive Vice-President, Finance, Treasury and Chief Financial Officer	Bank (lender)	500,000 (Note 2)	496,075
Deborah Rose Executive Vice-President, Chief Operating Officer and Chief Information Officer	Bank (lender)	461,262 (Note 3)	454,265
Stéphane Therrien Executive Vice President, Personal & Commercial Banking	Bank (lender)	95,588 (Note 4)	38,374

Note 1: Mortgage loan on principal residence at an interest rate of 1.86% (B2B Bank); Mortgage lines of credit on secondary residence at an interest rate of 3.95% (B2B Bank); margin account against security portfolio at prime rate + 0.50% (Laurentian Bank Securities).

Note 2: Mortgage loan on principal residence at an interest rate of 1.89%.

Note 3: Mortgage loan on principal residence at an interest rate of 1.39%.

Note 4: Mortgage line of credit on principal residence at an interest rate of 3.95%.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the beginning of the last completed fiscal year, the Bank did not make any transaction which materially affected it or one of its subsidiaries in which a proposed nominee for election as director, a director or officer of the Bank or one of its subsidiaries or their respective associates or affiliates, had a direct or indirect interest.

CODE OF PROCEDURE

A code of procedure is used at annual meetings of shareholders in order to specify shareholder rights and facilitate deliberations at the meeting. Schedule B of this Circular contains the text of this code.

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on April 9, 2019 is available on the Bank's Website.

REMOTE VIEWING OF THE ANNUAL MEETING

The video of the 2020 Annual Meeting of Shareholders will be available in the "*Investor Centre*" section of the Laurentian Bank Financial Group's Website (lbcfg.ca) under the "*Presentations and Events*" tab following the meeting.

DIRECTORS' APPROVAL

The Bank's Board of Directors has approved the content of this Circular and the distribution thereof to each shareholder entitled to receive the Notice of Meeting, each director, the Bank's auditor and the appropriate regulatory authorities.

Sivan Fox
Senior Vice President, Legal Affairs and Corporate Secretary

Montreal, Quebec, Canada, February 7, 2020

SCHEDULE A

SHAREHOLDER PROPOSALS

The Bank received seven proposals from the Mouvement d'éducation et de défense des actionnaires ("**MÉDAC**") whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3.

After discussions with the Bank, MÉDAC has agreed not to submit proposal 2, proposal 6 and proposal 7 to a vote. The Bank has agreed with MÉDAC to include these proposals for informational purposes only. They are not part of the formal business of the meeting.

PROPOSAL 1 - Equity Ratio Disclosure (translation)

It is proposed that the Bank disclose the compensation ratio (equity ratio) used by the Compensation Committee to set compensation.

Arguments

Since its creation, MÉDAC has been filing propositions aimed at giving shareholders the assurance that the compensation of the Bank's President and Chief Executive Officer is reasonable, socially acceptable and based on the value he or she creates. The equity ratio - the ratio between CEO total compensation and employee median earnings - is one of the tools used by shareholders to know if this objective is met. Last year, our proposition received an average support rate of 6% from Canada's six largest banks and 10.51% from the Laurentian Bank of Canada.

In the United States, this disclosure has been mandatory for a year, and Jim Kohler, a senior executive at Willis Towers Watson, had the following comment:

> *"We believe this is a golden opportunity for employers to begin a dialogue with not only employees but also customers, investors and the media about pay positioning and pay transparency. In fact, we are working with several companies on developing a communication road map to guide them through the process[1]."*

Since it is reasonable to assume that the equity ratio is one of the elements used by the Bank's Compensation Committee to set the compensation of its CEO and senior executives, we are asking the Board of Directors to disclose this information in the next management circular and in its report on environmental, social and governance factors (ESG factors).

Like the information used to judge whether the compensation of the CEO and key associates is aligned with our financial interests, this equity ratio transparency initiative would enable shareholders and stakeholders to see if the compensation of employees, who also contribute to organizational performance, is evolving the same way. It would also allow them to see if the compensation of their main officer is socially acceptable and has no negative impact on the reputation.

The Bank's Position

The Bank has adopted compensation practices designed to attract and retain talented and engaged employees and to provide equitable and competitive pay at all levels of the organization. The HRCG Committee directs the Bank's compensation strategy, including overseeing material employee incentive plans and pension and benefits programs, to align compensation practices with the Bank's strategic objectives and the interests of shareholders. A variety of factors are considered when assessing and setting compensation, including market best practices, peer benchmarks, the performance of the Bank and each business line as well as individual contributions. This comprehensive approach requires the interpretation of data beyond a single ratio in order to ensure that compensation is competitive, fair, and appropriate for each individual.

We are committed to actively engaging with shareholders and adopting policies that are responsive to their concerns. Our compensation strategies are reviewed on an ongoing basis and we continue to make enhancements to provide better transparency and to further align pay with performance. Some of our key efforts in this area have been highlighted in Part E - *Executive Compensation* of this Circular. We believe that the detailed and holistic disclosure regarding executive compensation provides relevant and meaningful information for shareholders to assess our compensation practices.

It is important to note that the methods and assumptions used in calculating an equity ratio can differ significantly between organizations due to a number of factors including the elements included in compensation, geographic variations in the cost of living and the employees included in the comparison. We believe, in the absence of accepted or standard methodology against which organizations can calculate and compare their results, that an equity ratio does not provide meaningful information for shareholders.

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[1] https://hrdailyadvisor.blr.com/2017/10/11/biggest-challenge-ceo-pay-ratio-disclosurerule/

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 2 - Competitiveness and Protection of Personal Information (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors inform shareholders of the investments the Bank intends to make over the next five years to update its computer systems and increase competitiveness while ensuring better protection of personal information.

Arguments

In a recent PWC report on banks, the President and Chief Executive Officer of the Canadian Bankers Association mentioned that most banks are equipped with dated systems. Leveraging the potential and possibilities of artificial intelligence with older systems is obviously very complex, both from the development and the commercialization perspectives. This is a concern since outdated systems make the Bank more vulnerable to cyber attacks and reduce its ability to explore the full potential of artificial intelligence.

While we are aware of the sensitive nature of such information, as shareholders and consumers of financial products we request that the following information be disclosed:

- the amounts that will be invested in the next years to modernize information systems;
- the amounts that will be invested in human capital development to ensure human resources adapt to these new technologies; and
- the means used by the Bank to assist customers in the event of theft of personal information, in particular to:
    - monitor Equifax credit file and alerts as soon as material changes indicating unusual transactions are observed on a customer credit score;
    - monitor Internet to detect customer personal information on suspicious Web sites; and
    - take ownership of the actions required to restore the identity of customers who are victims of identity theft.

We think that disclosing such information would reassure both shareholders and customers about their relationship with the Bank.

The Bank's Position

Technology is essential to the banking sector and we are constantly working to enhance our existing processes, practices and infrastructure in order to identify technology risks, safeguard personal information and detect and respond to cybersecurity threats. In the first quarter of 2019, we completed a significant update to our information technology ("**IT**") architecture, becoming the largest bank in Canada to have implemented a new core banking system – Temenos T24. This has positioned us on a modern application that will allow us to better adopt new technologies and mitigate material risks around maintaining legacy systems. Disclosure of our progress on the implementation of this system can be found in our Annual Report, and will continue to be provided to shareholders as we complete this important transformation.

The Bank has implemented industry standard security measures and controls as an integral part of its risk management framework. We regularly engage third-party vendors to assess our information security and cybersecurity capabilities in order to develop, implement and strengthen our cybersecurity framework. In addition, we engage third-parties, on an annual basis, to perform external and internal vulnerability assessments. This process is supplemented by monthly external and internal vulnerability scans performed by the Bank's IT security team. We recognize that cyber security events are becoming increasingly common, as evidenced by the significant security incidents experienced by other financial institutions during 2019. Accordingly, we are constantly evaluating the threat landscape to identify opportunities for enhancements to our processes and infrastructure. For example, in 2019 the Bank implemented new data loss prevention software which monitors and controls the transmission of electronic information outside the organization.

Privacy and the protection of personal information is of utmost importance to the Bank and is prioritized at all levels of the organization. The Bank's policies and procedures are reviewed and challenged by the Board and Risk Management Committee as well as the Bank's operational risk management and internal audit teams who ensure that the processes and controls in place are responsive to evolving data security and privacy issues and are operating effectively. In addition, the Bank has appointed a Chief Privacy Officer, who establishes the Bank's privacy framework and oversees compliance with laws pertaining to the protection of personal information; and a Chief Information Officer ("**CIO**"), who oversees compliance with policies and procedures pertaining to confidentiality, integrity and the availability of information assets. Among other things, the CIO reports quarterly to the Board on cybersecurity, and on the effectiveness and integrity of the Bank's systems to manage cybersecurity risk. Our employees are trained to adhere to specific policies and procedures to safeguard our clients' personal information and also receive supplementary security training to develop awareness of emerging security threats and evolving privacy best practices. The Bank keeps all personal information under physical, electronic or procedural controls appropriate to the sensitivity of the information and regularly tests and audits its safeguards and security measures to ensure that they are properly administered and that they remain effective and appropriate. Additional information about our privacy practices is available in the Laurentian Bank Financial Group Privacy Statement, which is available on our website.

As agreed with MÉDAC this proposal is not being submitted to a shareholder vote.

PROPOSAL 3 - Diversity Target (translation)

It is proposed that the Bank adopt a Board of Directors diversity target of more than 40% for the next five years.

Arguments

For several years, with gender diversity policies and measures, Canadian banks have been charting the course of women's representation in boards and at the highest levels. However, none of Canada's largest bank has re-examined its board representation targets since National Instrument 58-101 respecting Disclosure of Corporate Governance Practices came into force, in 2014. With this regulation, a majority of Canadian issuers listed on the Toronto Stock Exchange are invited to disclose whether or not they have a defined target number or percentage value for women's representation on their board of directors. The situation is well summarized in the following table:

Bank	Women as Independent Directors (%)	Target
BMO	36%	At least 33% of both sexes
NBC	38%	At least 33% of women
CIBC	50%	At least 30% of both sexes
Scotia	46%	At least 30% of both sexes
Royal	46%	At least 30% of both sexes
TD	38%	At least 30% of both sexes

Banks often serve as beacons of good governance for small and medium-sized businesses; not updating the diversity target may suggest the current one is the ideal to strive for. However, it is recognized that there are more qualified women than there are positions to fill and that various stereotypes and biases have hindered their access to those positions. In light of this, it is proposed that the Bank re-examine its policy on diversity, to increase to 40% the minimal representation target for both sexes in its Board of Directors.

The Bank's Position

The Bank has played a leadership role among Canadian banks with respect to female representation on its Board. It was the first institution of its kind in Canada to name a woman as Chairperson in 1997, and subsequently, Ms. Isabelle Courville served as Chair of the Board from 2013 - 2019. Currently, there are five (5) female directors on the Board representing 50% of the independent Board members. In addition, two (2) of the three (3) Board committees are chaired by women. In addition, Board members have been selected to ensure diversity expertise is represented, notably, since 2018 Ms. Susan Wolburgh Jenah has been a sponsor of Catalyst's Women on Board Program to advance gender diversity on corporate boards. The Bank recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining a competitive advantage.

The Board has approved a Diversity Policy that sets out a framework for the Board's commitment to promoting diversity, including gender diversity of its Board. The Board Diversity Policy provides that, in the context of nomination process, the HRCG Committee will consider the merit of potential candidates based on a balance of skills, abilities, personal qualities, and professional experience, and including diversity considerations such as gender, race, age and regional and industry experience.

Furthermore, in reviewing Board composition, and effectively discharging its duties and responsibilities, the HRCG Committee reviews annually the size and composition of the Board to identify imbalances or gaps, as well as opportunities that are associated with further diversification. In identifying suitable candidates for appointment to the Board , the HRCG Committee will consider candidates based on merit against objective criteria, while recognizing the benefits of diversity. The Board Diversity Policy sets a target that each gender comprises at least 30% of the Board's independent directors. Following the Meeting, and if all nominees are elected as contemplated in this Circular, 5 of the 10 proposed independent Board members (50%) will be women.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 4 - Creation of a New Technology Committee (translation)

It is proposed that the Board of Directors create a new technology committee to anticipate the stakes involved in integrating technological innovations at the Bank.

Arguments

We are reintroducing this proposal as we are constantly reminded, both in Canada and the United States, that the banking sector will undergo profound changes as a result of the introduction of new technologies. Last year, in our proposal, we quoted a report by PWC entitled Canadian Banks 2017[2], where we read:

"Industry changes, shifting customer expectations, rising costs and a rapidly shifting technological landscape continue to challenge the traditional banking model. FinTech startups, technology giants and other non-traditional players continue to make inroads in the marketplace. And Canada's payments infrastructure is embarking on its largest overhaul in decades."

The 2018[3] report of the consulting firm looks at the digital economy again, noting that the proliferation of cyber risks and the development of online and banking services require significant investments in technology, and reports the following comments by the President of the Canadian Bankers Association:

"If you can bring these new technologies to bear, and these new capabilities to bear, I think as Canadians look for growth in a digital economy, we'll have the best of all worlds."

The Board of Directors plays an important role in anticipating the stakes of integrating technological innovations and their impacts on consumers, personnel, and products and services of the Bank. Although it's apparent that the Board is deploying increasingly important efforts to recruit directors with specific knowledge of the field and to develop its own knowledge through continuous learning programs, technological innovation issues are not being monitored by any committee. It should be noted that while the risk committee did not exist some ten years ago, its added value is now acknowledged and recognized.

Technology is changing at a speed that worries us, and this threat deserves to be specifically monitored by a dedicated committee.

The Bank's Position

The Bank agrees that the financial sector is undergoing significant changes in connection with evolving and emerging technologies and their impacts on the traditional banking model. As a result, consumers have increased expectations regarding the digitization of financial services. In light of this, technological innovation is a key component of our strategic plan. During the year we successfully implemented a new core banking system and completed the launch of our new digital banking platform. This process has been overseen by the Board and our progress is regularly discussed in their meetings. We have also formed a Management Information Technology Committee, reporting to the Board quarterly, which is actively involved in managing and leading this strategic initiative as well as overseeing the Bank's approach to emerging information security and data protection matters.

With respect to risks associated with emerging and disruptive technologies, the Risk Management Committee directs our approach as part of its oversight of enterprise wide risk management. Our risk management process is constantly evolving and involves continuous learning to identify and assess potential risks, develop appropriate responses and monitor materialized risks and the effectiveness of our risk response. In addition, the Bank has implemented industry standard security measures and controls with respect to technology and data security as an integral part of its risk management framework. Our employees are trained to adhere to policies and procedures to safeguard our clients' personal information and also receive regular supplementary training to develop awareness of emerging threats and evolving best practices. Our policies, procedures and controls are regularly audited and tested by internal and external parties to ensure that our safeguards are effective and appropriate. The Bank is therefore of the view that creating a new committee is unnecessary and may adversely affect the continuity and the effective execution of already advanced initiatives launched by the Bank.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal and recommends voting AGAINST the proposal.

[2] https://www.pwc.com/ca/en/industries/banking-capital-markets/canadian-banks-2017.html

[3] https://www.pwc.com/ca/en/industries/banking-capital-markets/canadian_banks_2018/canadian_banks_2018_ceo_spotlight.html

PROPOSAL 5 - Tendering for Auditors (translation)

It is proposed that the Bank launch a tendering process every five years for auditing services.

Arguments

Ernst & Young LLP has been acting as the Bank's auditor, either alone or with another firm, since 1990[4]. Last year, on the topic of renewing the mandate of the firm, more than 10% of voting shares withheld from voting, a very high percentage for this type of vote. The purpose of rotating auditors is to reduce threats to their independence, generated in large part by the familiarity that gradually develops over time. There is a legitimate concern that, in the long term, the auditor may become too close to the client. For instance, auditor independence may subside as friendships develop: the auditor becomes too closely aligned with the interests of the client's senior management, the audit plan becomes repetitive, or the auditor becomes reluctant to make decisions that might suggest that past decisions were incorrect. In short, the risks of familiarity with the client are likely to harm the auditor's thoroughness, objectivity and critical thinking.

In 2014, we raised shareholder awareness of this issue and cited the concerns of a UK competition commission: "[...] although auditors are appointed to protect the interests of shareholders, who are therefore the primary customers, too often auditors' focus is on meeting the needs of senior management who are key decision takers on whether to retain their services. This means that competition [in the area of auditing] focuses on factors that are not aligned with shareholder demand." In addition, one may ask "[...] how financial statement users perceive a long - tenure auditor. If they believe that auditor rotation improves audit quality, the non - switching firm's financial statements might lack credibility."

Does the high percentage of votes withheld with regard to the appointment of Ernst & Young LLP reflect these views? We believe that auditing services should be subject to a tender process every five years in order to provide assurance to shareholders that their auditors are offering the best service at a competitive price.

The Bank's Position

Based on the Audit Committee's annual assessment of the external auditor, which included audit quality considerations, including auditor independence, objectivity, and professional skepticism, quality of the engagement team, and Canadian Public Accounting Board (CPAB) inspection findings, the Board of Directors has recommended that Ernst & Young be reappointed as the Bank's auditor for the 2020 fiscal year. Ernst & Young has been the external auditor of the Bank since 1990. It is subject to all applicable laws and regulations, including the Code of Ethics of the Ordre des comptables professionnels agréés du Québec, which establish clear guidance concerning independence. A number of mechanisms are in place that strengthen auditor independence, without impeding audit quality and efficiency, including:

1. **Audit Partner Rotation**: The rotation of audit partners mitigates the risk of over familiarity and self-interest, and promotes objectivity. The lead engagement and concurring partners are subject to a seven-year rotation requirement, followed by a five-year period of absence from the consolidated audit. Engagement time for the lead partner and concurring partners includes time previously served in these roles. A new lead engagement partner was last appointed in March 2016.

2. **Oversight from Regulators (CPAB):** Heightened oversight by the regulators has resulted in increased audit quality. Inspection results are taken into account in the Audit Committee's assessment of the auditors.

3. **Regular Assessments**: Annual assessments of the auditor are conducted by the Audit Committee to ensure, among other things, the ongoing quality, independence and effectiveness of the auditor. In addition, the Audit Committee and the Board undertake a comprehensive assessment of the auditor every five (5) years, with the last such assessment taking place in June 2018. Included in this assessment is a determination as to whether there is any threat of institutional familiarity that could impact the independence of the auditor and prevent the engagement team from exercising appropriate professional skepticism.

The Board believes that changing the Bank's external auditor at this time would be unduly disruptive as the Bank is in the midst of other transformative and foundational initiatives, with the 2020 fiscal year being the fifth of its seven-year strategic plan. In particular, we are concerned about potential adverse outcomes associated with a change of auditor including: (i) reduced audit quality, (ii) reduced audit efficiency due to the loss of the knowledge and expertise specific to the Bank's business, (iii) increased costs associated with the selection and onboarding of a new auditor, and (iv) disruption to the organization, due to the increased time and expense required to train the new auditor on the Bank's operations, systems, business practices and future plans. The Board and the Audit Committee intend to initiate a tender process within the next three (3) years to coincide with the rotation of the current audit partners and completion of the Bank's strategic plan.

The Board and the Audit Committee are confident in the Bank's current processes and controls, which ensure auditor independence and protect the quality of audit results, including: review of the annual audit plan and audit fees, pre-approval of all engagements of the external auditor, regular review of audit findings, regular meetings with the external auditor in the absence of Management,

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[4] https://www.laurentianbank.ca/pdf/Circulaire_2014_anglais_final.pdf

annual confirmation of the external auditor's independence and annual and comprehensive assessments of the quality and effectiveness of the external auditor.

Consequently, the Board of Directors considers that it is neither advisable nor desirable to adopt this proposal, and recommends voting AGAINST the proposal.

PROPOSAL 6 - Dissatisfaction With Two Directors (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors inform shareholders of its past years' efforts with respect to the significant percentages of withhold votes against two of its directors.

Arguments

We are very sensitive to the percentage of withhold votes against directors in elections. It should be mentioned from the outset that, in 2019, dissatisfaction levels against directors of the Bank were significantly higher for all directors compared to those against directors of other Canadian banks.

More specifically, Ms. Lise Bastarache and Mr. Michel Lavigne received 11.93% and 10.07% of withhold votes respectively. How can this dissatisfaction level be explained? For Ms. Bastarache, the length of her term as a director could be a reasonable explanation. For Mr. Lavigne, who has already received a higher percentage of withhold votes than his colleagues in recent years, two explanations can be suggested: the chairmanship of the Human Resources Committee, which has led to a very high voting percentage of 24.26% against the compensation policy, or the imposition of an administrative monetary penalty of $20,000 by the Financial Markets Administrative Tribunal, which is the subject of an appeal to the Court of Appeal.

These voting results are of concern, and shareholders deserve to be informed of the actions taken by the Board of Directors to correct the situation.

The Bank's Position

The Board works to protect shareholder interests by having well-informed members with diverse backgrounds, relevant experience and independence from Management. Members have been selected with a view to enhancing board effectiveness and achieving the best long-term results for the Bank and its shareholders. In particular, the Board benefits from the breadth and depth of expertise offered by Ms. Bastarache and Mr. Lavigne, which has been developed through years of service to the Bank and its shareholders, and over their extensive careers.

The HRCG Committee is responsible for overseeing board refreshment and ensures annually that the number of directors, the duration of their mandates and their core competencies are appropriate for the needs of the Bank. The focus of these efforts is to take full advantage of the wealth of experience represented on the Board while incorporating new and complementary skill sets, perspectives and backgrounds. Ten new independent members have been appointed to the Board in the past 10 years and 60% of the Board's independent directors were appointed over the last five years, including two new independent directors in August 2019.

In line with these efforts, we believe the presence of more experienced directors on the Board complements our renewal efforts and provides added value that benefits both the Bank and its shareholders. Our Board Governance Policy provides guidelines with regards to the tenure of directors, but does not formally prescribe the age of retirement. Rather than imposing term limits, the Board favours an approach based on an analysis of the skills and experience of directors in relation to the needs of the Bank, the contribution of each director and the director evaluation process. We note that Ms. Bastarache has indicated her current intention not to stand for re-election in 2021, following completion of the integration of the new members of the Board.

While we are unable to determine the rationale underlying each shareholder vote, we believe the results may have been affected by the voting policies of certain institutional shareholders, some of which may differ from the policies and practices of the Board. As further explained below as part of the Bank's response to Proposal 7, shareholder engagement is an important part of our governance model. As part of such activities during the year, we met with shareholders, proxy advisory firms and advocacy groups to better understand their perspectives and enhance transparency around our practices. Based on our discussions, we have made efforts to respond to shareholder concerns and have made changes to the composition of our Board committees to better utilize the diverse skill-sets of our Board members. We remain committed to our approach to governance, board renewal and succession planning and have enhanced our disclosure in this Circular to further clarify our approach for the benefit of our stakeholders.

As agreed with MÉDAC this proposal is not being submitted to a shareholder vote.

PROPOSAL 7 - Advisory Vote: Nearly 25% of Shareholders are Dissatisfied (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors disclose the modifications made to its compensation policy, to address the concerns of 24.69% of the voting shares against the policy.

Arguments

These results sharply contrast with the results of the other Canadian banks and the 2018 voting results, where only 5.21% of shareholders voted against the compensation policy.

We would like to suggest the following possible explanations:

- the increased pension plan contributions awarded to three executives, including the President;
- the compensation gap between the President and the second highest paid officer ($3,611,892 total compensation vs $1,752,459);
- the introduction of stock option grants in the compensation mix; and
- the Bank's financial performance factor.

This very high dissatisfaction level with the compensation policy is very worrying and requires corrective measures before the situation degenerates and damages the company's reputation.

The Bank's Position

Shareholder engagement is an important part of our governance model. Accordingly, we were disappointed with the outcome of last year's advisory vote on compensation ("**Say on Pay**"). Following the meeting, the Bank solicited feedback from 25 of its largest institutional shareholders, holding shares equivalent to approximately 97% of the total number of shares voted on Say on Pay. Nine of these shareholders accepted our invitation to engage, representing approximately 60% of institutional shareholdings. Our outreach initiatives helped us to understand common areas of concern, the majority of which were addressed through enhanced disclosure. In particular, we have provided improved transparency and additional information with respect to our short-term and long-term incentives, as set out in Part E - *Executive Compensation* of this Circular.

The Bank is committed to continuously evaluating its approach to executive compensation to ensure that it is aligned with shareholder interests and best practices. During the 2019 fiscal year, significant changes to our compensation policies came into force, as described in detail in Part E - *Executive Compensation* of this Circular, and summarized below. We consider last year's voting outcome to be reflective, in part, of the compensation paid to executives for the 2018 fiscal year which does not fully evidence the impact of these new practices. During the 2019 fiscal year, the performance of executives was assessed relative to objectives that support our business strategies over short and long-term time horizons and compensation was awarded in accordance with practices designed to align compensation with performance, industry peers and best practices, including:

- **Pay at risk:** we increased the level of at-risk pay from 45% to 80% for the Chief Executive Officer and to 70% for other executive officers, which creates a strong pay-for-performance relationship.
- **Streamlined design of long-term incentives:** PSUs represent 70% of the overall long-term incentives for executives and their value is fully at-risk. Payment is subject to total shareholder return and return on equity, with the possibility of a zero payout if performance thresholds are not met. Stock options represent the remaining 30% of long-term incentives, replacing the historical award of Special Transformation Performance Share Units, which guaranteed a minimum payout of 75%. This change places more compensation at risk and also lengthens the time horizon for our long-term incentives. The thresholds, target and maximum goals applicable to our PSU awards as well as information about the Bank's disciplined use of stock options is provided in greater detail under the heading "*Long-Term Incentives*" in Part E - *Executive Compensation* of this Circular.
- **Share ownership and holding requirements**: we increased the CEO ownership guidelines from five to six times base salary to ensure that ownership guidelines are proportionate with target long-term incentive awards for all executives.
- **Short-term variable incentives**: restricted share units now comprise 50% of short-term compensation consistent with the practices of the banking sector. Employer matching for RSUs was discontinued. The historical transformation-related special 25% increment to the NEOs' Individual Performance Factor (IPF) was abolished permanently and this change was applied immediately to the 2019 short-term incentive payouts. For example, NEOs who "meet expectations" regarding individual performance now receive an IPF of 100% of target, as opposed to the historical 125% of target which many shareholders were uncomfortable with.
- **CEO pay positioning**: CEO target total direct compensation was adjusted from $3,600,000 in 2018 to $3,000,000 in 2019.
- **Reference group**: the reference group for benchmarking compensation was adjusted downwards to reflect the Bank's size relative to other Banks.

As agreed with MÉDAC this proposal is not being submitted to a shareholder vote.

SCHEDULE B

CODE OF PROCEDURE

1. Application

This Code shall govern the conduct of annual Meetings of shareholders of Laurentian Bank of Canada (the "Bank"). It is a complement to the provisions of the *Bank Act* (Canada) (the "Act"), of the regulations or guidelines thereunder, and of the Bank's General By-Laws. In case of conflict, the Act or the regulations shall prevail.

2. Role of the Chairman

The Chair of the meeting shall preside over its deliberations and ensure its orderly conduct. The Chair has all powers necessary to ensure that the meeting is able to effectively conduct the business for which it was called. To this end, the Chair shall interpret this Code and his/her decisions shall be without appeal. Whether or not a shareholder, everyone attending the meeting must comply with the Chair's instructions.

3. Expression of Resolutions

Except in cases where a special resolution is required, the meeting shall proceed by way of resolutions approved by a majority of the votes cast. These proposals must be moved by a shareholder and seconded, except for a proposal set out in the Circular.

4. Right to Speak

Every shareholder has the right to address the meeting. A shareholder wishing to exercise this right shall ask the Chair for the floor.

5. Speaking Time

Except as provided otherwise in this Code, no shareholder may speak for more than five minutes at a time. However, the Chair may allow a longer speaking time in exceptional circumstances.

6. Pertinence and Good Order

A shareholder who has the floor must speak to the matter before the meeting. Shareholders addressing the meeting must speak soberly and avoid language that is violent, insulting or injurious to anyone. The Chair may direct a shareholder to keep to the matter under discussion or to comply with this standard of conduct. Failing compliance, the Chair may deprive the shareholder of the floor.

7. Shareholder Proposal

The shareholder who, under the Act, submitted notice of a proposal set out in the Circular is entitled to speak first when the proposal comes before the meeting. This shareholder must formally move for the adoption of the proposal at the beginning or end of his or her presentation and may speak for a maximum of 10 minutes. At the end of the debate, the mover has a three-minute right of reply.

8. Debate on a Shareholder Proposal

Every shareholder is entitled to speak during a debate on a shareholder proposal, but only once. The representative of management may speak as often as he/she deems appropriate, but for no more than 10 minutes for his/her main speaking time, and no more than two minutes for other remarks.

9. Amendment of a Shareholder Proposal

A shareholder proposal may not be amended, except with the consent of the mover and the permission of the Chair.

10. General Matters

In the period open to shareholder questions, any shareholder may address a question to management, state an opinion or raise a matter of general interest to the Bank. Such a question or remark may be the object of a supplementary question or brief reply, but it may not give rise to a debate.

SCHEDULE C

BOARD MANDATE

In accordance with the *Bank Act* (Canada) (the "Bank Act"), the Board of Directors supervises the management of the Bank to ensure its profitability and development. The Board delegates the day-to-day management of the Bank's activities to Management.

As part of its general responsibility of supervising the management of the Bank, and in addition to carrying out its statutory obligations, the Board of Directors exercises the following functions directly or through its committees:

1. Strategic Functions

   a. Adopt a strategic planning process.
   b. Approve the strategic plan proposed by Management, question the underlying assumptions and principles, evaluate it periodically taking opportunities and risk into account, follow up on its implementation, and encourage management to make changes thereto when required.
   c. Approve the annual budget, including the budget and resources of oversight functions as well as business plans, and follow up on their implementation.
   d. Periodically review the organizational structure.
   e. Approve important transactions outside the ordinary course of business and significant changes in orientation or strategy.
   f. Adopt a dividend policy.

2. Human Resources Management Functions

   a. Appoint or dismiss the President and Chief Executive Officer.
   b. Develop a clear job description for the President and Chief Executive Officer.
   c. Approve appointments to senior management positions.
   d. Establish the objectives, evaluate the performance and determine the compensation of the President and Chief Executive Officer.
   e. Approve the setting of the objectives for the other members of senior management, their evaluation and their compensation.
   f. Approve an overall compensation framework (including, among other things, incentive compensation and pension plans) for all officers and employees.
   g. Establish a succession plan for senior management, particularly for the President and Chief Executive Officer.
   h. Ensure that the President and Chief Executive Officer and other members of senior management demonstrate and create a culture of integrity throughout the Bank.

3. Oversight Functions

   a. Identify the business's principal risks and ensure the implementation of systems capable of managing them appropriately.
   b. Approve material framework, plans and policies, particularly those regarding risk identification and management.
   c. Oversee the integrity and quality of financial statements and approve them.
   d. Ensure that compliance rules are respected.
   e. Ensure the integrity and effectiveness of internal control and management information systems.
   f. Recommend the appointment of the external auditor to shareholders, ensure its competence, independence, the adequacy of its resources, and approve its mission.
   g. Approve the selection of officers in charge of internal oversight functions (internal auditor, risk management and regulatory risk management), and ensure their competence, independence, and the adequacy of their resources.
   h. Approve the subsidiaries' Board of Directors' structures.
   i. Ensure that management adequately manages the risks related to the pension plans offered to employees.
   j. Meet with regulatory authorities, discuss their findings and recommendations, and follow up on them.

4. Corporate Governance Functions

   a. Adopt applicable corporate governance rules.
   b. Review the Board's membership, compensation and size.
   c. Ensure the recruitment of new Board members to be submitted for election by shareholders and see to their orientation and integration.
   d. Ensure the coordination of an assessment process on the effectiveness of the Board and its committees.
   e. Develop clear job descriptions for the Chair of the Board and the Chair of each Committee.
   f. Approve criteria to evaluate the independence of Board members.
   g. Establish rules concerning membership on other boards and ensure that no more than two directors sit on the Board of Directors of the same public issuer, unless authorized by the Chair of the Board.
   h. Adopt a Code of Conduct for Board members and ensure compliance.
   i. Ensure ongoing training for Board members.

5. Communication and Disclosure Functions

   a. Approve the measures by which shareholders and other stakeholders can communicate with the Bank.
   b. Approve the financial information disclosure policy and ensure its compliance.
   c. Report to shareholders on the Bank's performance.

LAURENTIAN BANK