Notice of Annual Meeting of Shareholders

April 9, 2019

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 TMX Broadcast Centre Gallery, 130 King Street West, Toronto, Ontario, on Tuesday April 9, 2019, at 9:30 a.m. (Eastern Time) for the following purposes:

1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2018 and the auditor's report thereon;

2) to elect its directors;

3) to appoint the auditor;

4) to consider and, if deemed fit, to adopt a resolution (the full text of which is reproduced on Schedule B to the accompanying Management Proxy Circular) with respect to the new stock option plan of the Bank, a summary of which is included in the accompanying Management Proxy Circular;

5) to consider and, if deemed fit, adopt a resolution, on an advisory basis, regarding the approach to named executive officers' compensation disclosed in the attached Management Proxy Circular;

6) to consider, and if deemed fit, adopt the shareholders' proposals (the text of which are set out in Schedule A of the attached Management Proxy Circular); and

7) to consider such other business as may be properly brought before the meeting.

As at February 15, 2019, the number of eligible votes that may be cast in respect of each separate vote to be held at the meeting is 42,190,040.

Proxies to be used at the meeting 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, prior to 5 p.m. (Eastern Time) on April 5, 2019.

By order of the Board of Directors,

Emmanuela Fleurandin
Senior Legal Counsel and Assistant Secretary

Montreal, Quebec, February 26, 2019

If you are a registered shareholder of the Bank and do not expect to be present in person at the meeting, please complete, date, sign, and return the enclosed form of proxy in the accompanying postage prepaid 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 9, 2019, we invite you to attend Laurentian Bank of Canada's annual meeting of shareholders, to be held at TMX Broadcast Centre Gallery, located at 130 King Street West, Toronto, Ontario. This will be a unique opportunity for you to meet members of the Board of Directors and Management, and obtain valuable information as well as to share your views and ideas on important issues.

We encourage you to read this Management Proxy Circular which contains important information regarding the business of the meeting, executive compensation, corporate governance and how to exercise your vote.

Strategic Plan and Performance

In 2018, the Board of Directors and its committees have continued to play an integral role advising senior management to ensure that business objectives are met while maintaining the delicate balance of shareholder, client and employee interests.

Founded in 1846, in existence for more than 170 years, the Bank is currently transforming itself. Indeed, three years ago, the Bank announced the implementation of a comprehensive seven-year plan with the goal to improve performance and respond to what stakeholders want.

The investments made in the implementation of structuring initiatives and the development of growth platforms are producing positive results. Already today, the Bank's offering is different. The foundations of the digital platform are in place and revenues from the commercial loan portfolio have increased. We have also been expanding our geographic footprint. In addition, the retail services network is adapting to the needs of customers and is increasingly focused on offering advisory services.

The Bank is better positioned than ever to create growth, performance and ultimately value for our shareholders.

Executive Compensation

One of the core responsibilities of the Board of Directors is to ensure that compensation philosophy and practices are in line with the interests of shareholders and governance best practices. With the support of the Human Resources and Corporate Governance Committee (the "HRCGC"), the Executive Compensation Policy (the "Compensation Policy") is reviewed annually by the Board of Directors.

Further to that exercise, the HRCGC thoroughly diagnosed current executive compensation and embarked on a renewal process which came into full force on November 1, 2018. The changes to the approach include, most notably:

- Discontinued use of special transformation Performance Share Units (PSUs) which provided for a market 75th percentile pay at target - now working within a 50th percentile target compensation structure appropriate for our relative size;
- Elimination of the 75% guaranteed minimum vesting in the design of PSUs - PSUs are now based on relative total shareholder return and absolute return on equity goals;
- Increased share ownership guidelines for the President and Chief Executive Officer;
- Introduction of stock options in long-term pay mix to eliminate long-term incentive gains vesting based on the passage of time and not associated with shareholder value creation;
- Adoption of new policies to frame a disciplined usage of stock options, including 12-month post-exercise holding period policy for the President and Chief Executive Officer; and
- Simplified incentive program by aligning short-term incentive deferral requirements with the banking sector - the program no longer provides for an employer match of 30% in Restricted Share Units.

This renewed approach allowed the Compensation Policy to be fully aligned with current best practices in the Canadian banking sector and furthermore, is designed to link more closely executive rewards to the successful execution of strategy and the attainment of corporate objectives. This approach further reflects your Board of Directors' unambiguous commitment to continue supporting the Strategic Plan.

Shareholder Engagement and Corporate Governance

The Bank has always been a true advocate of good corporate governance practices. It has, early on, adopted the advisory vote on executive compensation. It has also formalized its commitment to diversity with its Board Diversity policy. All members of the Board of Directors, except for the President and Chief Executive Officer, are independent.

This priority assigned to good governance by the Board of Directors has enabled the Bank to evolve and prosper over the course of its lengthy history with utmost respect for all its stakeholders. It is in that spirit that we are committed to engaging effectively and continuously with shareholders and other stakeholders. We answer compensation-related queries received from shareholder throughout the year and have discussions periodically with other organizations, such as proxy advisory firms, to maintain a dialogue regarding the approach to executive compensation.

To support this commitment, we also each year, reach out to the Bank's largest institutional shareholders to discuss our approach to executive compensation. We value the feedback we receive through these interactions, as evidenced by this year's major overhaul in our approach to executive compensation.

Changes to the Board of Directors

- On December 17, 2018, Ms. Isabelle Courville announced that she will be completing her term of office as Chair of the Board at the Annual Meeting of Shareholders, after having served for 12 years on the Board of Directors, which is in line with the Bank's policy governing the term limits for directors; and

- A special committee of the Board was created during the 2018 fiscal year to recruit a new Chair of the Board of the Directors. The special committee recommended Mr. Michael Mueller to the Board of Directors to fulfill this role. Mr. Mueller joined the Board of Directors as Vice Chair on December 17, 2018, and following his election by the Bank's shareholders at the Annual Meeting of Shareholders, Mr. Mueller would become the Chair of the Board of Directors. Mr. Mueller's biography and the biographies of the other nominees for election to the Board can be found in Part C of this Management Proxy Circular.

As I conclude my tenure as Chair of the Board of Directors, I want to share with you that it was an honour to serve the shareholders of the Bank for the past 12 years and I thank you for your trust. I am confident that our Strategic Plan which we began three years ago has put us on a solid path to address the challenges that we face and the opportunities which we have identified. In particular, I would like to acknowledge the leadership of François Desjardins and his management team which have already brought to fruition many elements of our strategic vision.

Outlook

The Board of Directors is supportive of the Bank’s strategic direction and is pleased with the progress made to date in terms of transformation and growth. A true transition year, 2019 will see the delivery of improved technology and better processes to drive future customer, loan and deposit growth and enhanced profitability.

Sincerely,

LAURENTIAN BANK OF CANADA

Isabelle Courville
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 5, 2019, 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.

* 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 e-mail 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.

TABLE OF CONTENTS

Management Proxy Circular

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

The Management Proxy Circular of the Bank (the " **Circular**") is as of February 15, 2019 and 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 5, 2018, and references to the Bank's Annual Report are references to the 2018 Annual Report, both of which are available on the Bank's website and on the SEDAR website 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 by the Bank's Management of proxies to be used at the Bank's Annual Meeting of Shareholders, which will be held at the date, time and place and for the purposes set forth in the accompanying Notice of Meeting (the "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 also retained D.F. King Canada, a division of AST Investor Services Inc. (Canada), to assist in soliciting proxies at a cost of approximately $25,000, 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 mentioned 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 5, 2019 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 directors;**
- **the appointment of the auditor;**
- **the adoption of a resolution approving the new stock option plan;**
- **the adoption of a resolution, on an advisory basis, regarding the approach to named executive officers' compensation disclosed in this Circular; and**

AGAINST:

- **the shareholders' proposals.**

The directors and officers of the Bank are not aware of any matter other than those stated in the Notice of Meeting or Circular 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 Secretariat 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 15, 2019, 42 190 040 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 common shareholders 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 22, 2019, 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, 2018 and the auditor's report thereon are included in the 2018 Annual Report mailed to shareholders on January 11, 2019. 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 (Canada).

ELECTION OF DIRECTORS

The number of directors to be elected by the shareholders has been fixed at 9. The holders of common shares will elect 9 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 of Directors adopted a majority voting policy in 2008, which applies to all uncontested elections, under which a nominee for election as director who does not receive the required minimum number of votes (50% +1) at the Annual Meeting of Shareholders is deemed not to have received the support of shareholders (even though he/she was elected in accordance with the Bank's General By-Laws) and, therefore, will be required to immediately tender his/her resignation. His/her resignation will be effective as soon as the Board of Directors accepts it. Within 90 days of the shareholders' meeting, the Board of Directors must examine the resignation submitted at a meeting in which the director in question will not participate and promptly announce, through a news release that shall be transmitted to the Toronto Stock Exchange (TSX), the resignation of the director or the reasons for not accepting the resignation. A resignation would only be refused under exceptional circumstances.

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

APPOINTMENT OF THE AUDITOR

Based on the Bank's audit committee (the "Audit Committee") annual assessment of the external auditor, which included audit quality considerations (e.g. auditor independence, objectivity, and professional skepticism; quality of the engagement team; and Canadian Public Accounting Board (CPAB) inspection findings, the Board of Directors recommends that Ernst & Young be reappointed by the shareholders as the Bank's auditor for the ensuing 2019 fiscal year.

Ernst & Young has been the external auditor of the Bank for the past 24 years. It is subject to all applicable laws and regulations, including the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*, which all provide clear guidance concerning independence. A number of initiatives have been implemented in recent years that strengthen auditor independence without damaging audit quality and which include:

1. Audit Partner Rotation: The rotation of audit partners removes the risk of over familiarity and self-interest, and promotes objectivity. In compliance with these rules, 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 (Canadian Public Accountability Board): 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. Annual and comprehensive assessment of the auditors by the Audit Committee.

The Board of Directors is of the opinion that changing its external auditor at this time may lead to the following negative results, which are not warranted when the Bank is in the middle of its Strategic Plan: (i) lower audit quality; (ii) loss of the knowledge and expertise specific to the Bank's business, which eliminate efficiencies developed over time; (iii) additional costs associated with the selection of a new auditor; and (iv) increased costs, and disruption to the organization, due to the time and expense required to train the new auditor on the Bank's operations, systems, business practices and future plans.

The Board of Directors and the Audit Committee believe that the current process to monitor the auditor's independence is sufficiently robust. Consequently, the external auditor's independence will continue to be monitored through the following tools:

- Review of the annual audit plan;
- Assessment of the reasonableness of the audit fee and pre-approval of all engagements of the auditor;
- Review of the audit findings;
- Meeting with the external auditor without Management being present;
- Reception of a letter from Ernst & Young confirming their relationships with the Bank and their independence; and

- Annual internal assessment of the external auditor, as well as a comprehensive assessment every five (5) years.

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

Auditor's Fees

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

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

Note 1: *"Audit fees"* include all fees of Ernst & Young LLP for the audit of the annual consolidated financial statements, examination of the interim financial statements and the statutory audits of financial statements of subsidiaries. Audit fees also include consultations concerning financial accounting and reporting, submissions related to prospectus and other offering documents and translation services related to audited financial statements and prospectuses.

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

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

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

During the 2018 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 presented in Section 12 of the Bank's Annual Information Form.

APPROVAL OF THE NEW STOCK OPTION PLAN

The Board of Directors recommends that you vote FOR the new Stock Option Plan created to replace the old *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and Its Subsidiaries* which became effective on June 1, 1992. If shareholder approval is obtained, the terms and conditions of the new Stock Option Plan will govern the stock options granted by the Board of Directors in December 2018 (described herein) and thereafter. The complete text of the new Stock Option Plan is presented in Schedule B.

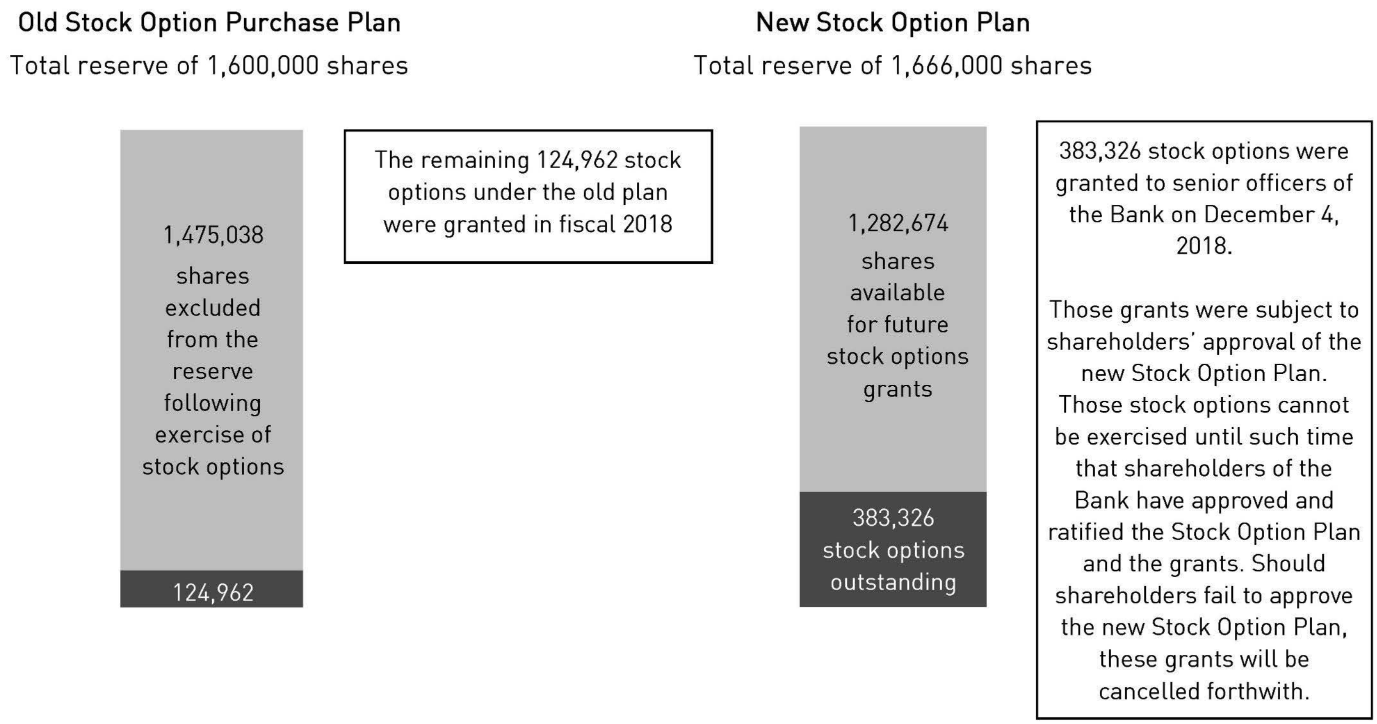
Proposal

- Approve the new Stock Option Plan which includes a reserve of 1,666,000 shares representing 3.97% of the issued and outstanding shares of the Bank as of the date hereof . The total number of issued and outstanding common shares as at the date of the Circular is 42,190,040.

Rationale

- The reintroduction of stock options into the Bank's approach to executive compensation 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%);
- Stock options lengthen the temporal horizon of the Bank's approach to executive compensation, with shareholder alignment over up to 10 years;
- It is much simpler to adopt a new plan than to amend numerous dispositions of the old plan that are no longer aligned with contemporary best practices ;
- The new Stock Option Plan and its reserve are necessary because the old plan's reserve has been completely depleted over the years; and
- The requested reserve of 1,666,000 shares will normally be sufficient to cover four years of annual stock option grants, given the Bank's policy of maintaining an annual burn rate not exceeding 1.00% of shares outstanding.

The table below illustrates the current stock options reserves for the old and new plans:



New Stock Option Plan Features

Burn rate policy	The Bank has adopted a policy to limit the annual burn rate to no more than 1.00% of outstanding shares
Vesting provisions	The Board of Directors or, if the Board of Directors so decides by resolution, the Human Resources and Corporate Governance Committee (the "HRCGC"), may, in its sole discretion, determine the vesting provisions of the Stock Option Plan. It is currently intended that stock options granted will vest 50% after three years and 50% after four years.
Term	The option term will be determined, at the time of granting the particular option, by the Board of Directors or, as the case may be, the HRCGC, provided that such term shall not exceed 10 years.
Black-out period	In the event the expiration date of an option falls within a black-out period or within nine (9) trading days following the black-out period, such expiration date will be automatically extended to the tenth (10^{th}) trading day after the end of the black-out period.
Performance criteria	Although the Board of Directors or the HRCGC, as the case may be, have the discretion to include performance criteria in the vesting provisions, stock options are not currently intended to be performance-based. However starting in fiscal 2019, 70% of participant's LTI is composed of non-dilutive fully at-risk Performance Share Units ("PSUs") based on relative TSR and absolute adjusted ROE.
Exercise price	Stock options cannot be granted below the market value of the Bank's share at the date of grant, such market value corresponding to the volume-weighted average price of the Bank's share on the TSX for the five (5) trading days preceding the date of grant. The price so determined will be rounded up to the next highest cent.
Financial assistance	The Bank does not provide for company loans to participants.
Cashless exercise	Under the Stock Option Plan, a participant may, in exercising his or her options, provide for payment of the underlying shares by way of selling, at the prevailing market price of the shares on the TSX at the time of such sale, the necessary number of shares issuable upon the exercise of his or her option, in order to pay the applicable exercise price with the resulting proceeds.
Individual grant limits	• The aggregate number of shares reserved for issuance at any time to any one participant should not exceed 5% of the issued and outstanding shares. • The aggregate number of shares issued to any one insider within any one-year period, should not exceed 5% of the issued and outstanding shares. • The aggregate number of shares issued to insiders within any one-year period and issuable to insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement should in each case not exceed 10% of the issued and outstanding shares.
Post settlement share holding requirement	The CEO must hold, after the exercise of stock options, Bank's shares with a value at least equal to the net after-tax gain resulting from the exercise of vested stock options, for a period of at least 12 months or, if longer, until the applicable share ownership requirements have been met.

Change in control provisions	Unless otherwise determined by the Board of Directors, in the event of a change in control, each option that is not converted into or substituted by an alternative award of the successor entity will be accelerated to become exercisable immediately prior to such change in control event. The Stock Option Plan contains double trigger provisions for the acceleration of vesting only in case of termination without cause or resignation for good reason within twelve (12) months after the change in control. Accordingly, each exercisable option or alternative award would remain exercisable for a period of twenty-four (24) calendar months from the date of termination or resignation for good reason (but not later than the end of the option term); and each non-exercisable option or alternative award would become exercisable upon such termination or resignation for good reason and would remain exercisable for a period of twenty-four (24) calendar months from the date of termination or resignation for good reason (but not later than the end of the option term). Any option or alternative award shall expire thereafter.
Participation	Officers, senior executives and other employees of the Bank or its subsidiaries are eligible participants, however non-employee directors do not participate in the Stock Option Plan.
Equity clawback provisions	The Stock Option Plan is subject to the Bank's clawback policy.
Assignability	Stock options are not assignable nor transferable by participants, whether voluntarily or by operation of law, except by will or by the laws of succession.
Repricing history	The Bank has no repricing history.
Cessation	Unless determined otherwise by the Board of Directors, options granted under the Stock Option Plan will expire at the earlier of the option's expiry date and: (i) ninety (90) days after the participant's resignation. Any unvested option at the time the participant ceases to be an employee of the Bank will be forfeited and cancelled; (ii) on the date the participant was informed by the Bank that his or her services are no longer required where such termination occurs for cause. Any option or unexercised part thereof will be forfeited and cancelled on such date; (iii) ninety (90) days after the participant was informed by the Bank that his or her services are no longer required where such termination occurs without cause. Any unvested option at the time the participant was so informed will be forfeited and cancelled; (iv) one (1) year after the participant's death. Any unvested option at the time of the participant's death will be forfeited and cancelled; and (v) five (5) years after a participant's retirement, including for options that become vested over such period of five (5) years, subject to relevant non-competition, non-solicitation and confidentiality provisions, as provided in Section 7.5.5 of the Stock Option Plan, annexed as Schedule B hereto. Should a participant breach any of the non-competition, non-solicitation or confidentiality provisions, any unexercised vested options would be forfeited and the participant's unvested options would expire immediately. In the event a participant's employment is terminated by reason of injury or disability, any option granted to the participant may be exercised as the rights to exercise accrue.
Amendment provisions	Amendment provisions are aligned with market best practices and sound governance. The Board of Directors has the discretion to make amendments to the Stock Option Plan at any time without having to obtain shareholder approval, including, but not limited, to the following changes: • Amendments of a "housekeeping nature"; • Changes to the vesting provisions of any option; • Changing the termination provisions of an option, which does not entail an extension beyond the original expiry date, except for extensions related to a black-out period; and • Any adjustment to shares subject to outstanding options, for example in case of a subdivision, consolidation, reclassification, reorganization or other change of shares subject to the Stock Option Plan (as further provided in Section 9 of the Stock Option Plan, annexed as Schedule B hereto). The Stock Option Plan also provides that shareholder approval must be obtained for the following changes (in addition to any matters that may require shareholder approval under the rules and policies of TSX): • Any change to the maximum number of shares issuable from treasury under the Stock Option Plan; • Any reduction in the exercise price of granted shares or any cancellation of an option and substitution by a new option with a reduced price; • Any extension of the option term beyond the original expiry date, except for extensions related to a black-out period; • Extending the eligibility to the Stock Option Plan to non-employee directors; • Allowing that options granted be transferable or assignable, other than by will or by the laws of succession; • Any increase to the maximum number of shares issuable to insiders as a group or individually in a one (1) year period under the Stock Option Plan or any other proposed or established Share Compensation Arrangement, as defined in the Stock Option Plan; and • Any amendment to the amendment provisions.

<u>The December 2018 Annual Stock Option Grant for Fiscal 2019 Subject to Shareholder Approval</u>

Every year, the Board of Directors of the Bank approves annual long-term incentive grants for every eligible participant in December. The most recent stock option grant was approved by the Board of Directors on December 4, 2018, as per the new approach to executive compensation which provides that 30% of Named Executive Officer's long-term incentives are awarded in the form of stock options. The December 4, 2018 grant, made to senior officers, is conditional upon its approval at the Meeting. Should shareholders fail to approve the Stock Option Plan, the December 4, 2018 grant will be cancelled forthwith.

December 4, 2018 Stock Option Grant	
Number of stock options granted to senior officers	383,326
Exercise price	$38.97
Vesting	50% on December 4, 2021 and 50% on December 4, 2022
Number of stock option holders	21
Term	10 years

Otherwise governed by the terms and conditions of the new Stock Option Plan (see Schedule B)

The total number of stock options granted conditionally on December 4, 2018 was equal to 383,326, which represents 0.91% of shares outstanding, in conformity with the Bank's policy to limit its annual usage of stock options, or burn rate, to no more than 1.00% of shares outstanding.

The other 70% of long-term incentive value was also granted to NEOs on December 4, 2018 in the form of non-dilutive PSUs vesting based on relative Total Shareholder Return ("TSR") and absolute adjusted Return on Equity ("ROE"), with no guaranteed minimum vesting.

The Board of Directors recommends that shareholders approve the following resolution:

RESOLUTION APPROVING THE STOCK OPTION PLAN

WHEREAS:

1. the Board of Directors of the Bank approved on December 4 , 2018 the adoption of a new stock option plan (the "**Stock Option Plan"**), as more particularly described under the section "Approval of the New Stock Option Plan" of this Circular (the "**2019 Proxy Circular"**);
2. on December 4, 2018, the Board of Directors granted 383,326 stock options pursuant to the Stock Option Plan (the "**2018 Grant"**), as more particularly described under the section "Approval of the New Stock Option Plan" of the 2019 Proxy Circular, which grant is conditional upon and subject to shareholder ratification;
3. should the Bank fail to obtain shareholder ratification for the 2018 Grant, the options granted under the 2018 Grant should be cancelled;

NOW THEREFORE BE IT RESOLVED THAT:

1. the Stock Option Plan, as disclosed in the 2019 Proxy Circular, be and it is hereby approved and adopted in all respects by the shareholders of the Bank;
2. the 2018 Grant be and it is hereby ratified;
3. any director or officer of the Bank be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

Shareholders will be asked to vote again this year on a resolution concerning the Bank's approach to named executive officers' compensation. This resolution is on an advisory basis only and does not bind the Bank's Board of Directors. The Board of Directors will take the results of the vote into account during its deliberations on further modifications to policies, procedures or decisions concerning the compensation of named executive officers. As part of its shareholder engagement yearly exercise, the Board of Directors collects and, whenever possible and necessary addresses, concerns shareholders may have on executive compensation. At the 2018 annual general meeting of the Bank, shareholders supported at 94.79% the approach of the Bank to named executive officer compensation.

The Board of Directors 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 for the 2019 annual meeting."

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.

SHAREHOLDERS' PROPOSALS

The Bank received four (4) proposals from the Mouvement d'éducation et de défense des actionnaires (MÉDAC), a Bank's shareholder whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3.

The text of these proposals and the Board's recommendations are included in Schedule A of this Circular. 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 forms 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 October 29, 2019.

PART C – DIRECTOR NOMINEES

At the Bank's 2018 annual meeting of shareholders, 11 directors were elected. On December 17, 2018, Mr. Michael Mueller was appointed to the Board of Directors and is a nominee for election at the upcoming meeting. Ms. Isabelle Courville will complete her term of office as Chair of the Bank's Board of Directors after having served twelve years of valuable services to the Bank, in accordance with the Bank's policy governing the term limits for directors. Mr. Michel Labonté and Mr. Gordon Campbell have decided not to stand for reelection. The Board of Directors would like to thank Ms. Isabelle Courville, Mr. Michel Labonté and Mr. Gordon Campbell for their years of dedicated services on the Board of the Directors.

The number of directors to be elected at the Meeting is 9.

- The average tenure of directors standing for election at the 2019 meeting is 4.8 years.
- 44% of nominees for election are women.
- Except for the President and Chief Executive Officer, all directors are independent.

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 on such question 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: 55

Candiac, Quebec, Canada

Director since March 7, 2006

Independent

2018 Annual Meeting
Votes in favour: 99.56%

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.

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 (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	1/1
Audit Committee	6/6	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 (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 15, 2019	4,132	5,980	10,112	44.04	445,332	5,380	188%	Yes
Feb 16, 2018	4,132	4,635	8,767	51.87	454,744	5,380	163%	Yes

Value of total compensation received during the 2018 fiscal year

$111,500

Sonia Baxendale

Age: 56

Toronto, Ontario, Canada

Director since
August 31, 2016

Independent

2018 Annual Meeting
Votes in favour: 99.60%

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

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 Risk Committee of Foresters Insurance. She is also a member of the Board of Directors of both the Hospital for Sick Kids Foundation and the Toronto Artscape Inc.

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 Member of the Investment Committee
CI Financial Corp.	(2013 to 2018)	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	1/1
Audit Committee	3/3	1/1
Risk Management Committee	3/3	—

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 15, 2019	2,300	5,011	7,311	44.04	321,976	5,797	126%	Yes
Feb 16, 2018	0	2,281	2,281	51.87	118,315	5,797	39%	Recently appointed

Value of total compensation received during the 2018 fiscal year

$111,500

Michael T. Boychuk, FCPA, FCA

Age: 63

Baie d'Urfé, Quebec, Canada

Director since
August 30, 2013

Independent

2018 Annual Meeting
Votes in favour: 95.55%

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 Chair 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)	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	1/1
Audit Committee (Chair)	6/6	1/1
Risk Management Committee	5/5	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 (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 15, 2019	1,413	9,262	10,675	44.04	470,127	5,380	197%	Yes
Feb 16, 2018	1,225	5,923	7,148	51.87	370,767	5,380	132%	Yes

Value of total compensation received during the 2018 fiscal year

$148,782

François Desjardins

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.

Age: 48

Toronto, Ontario, Canada

Director since
November 1, 2015

Non-independent

2018 Annual Meeting
Votes in favour: 99.63%

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

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

Attendance (90% Overall)

Member of board/committees	Regular	Special
Board of Directors	9/10	—

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 of this Circular.

Value of total compensation received during the 2018 fiscal year

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

A. Michel Lavigne, FCPA, FCA

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.

Age: 68

Laval, Quebec, Canada

Director since
March 19, 2013

Independent

2018 Annual Meeting
Votes in favour: 99.58%

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

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 Compensation Committee
Quebecor Inc.	(2013 to 2016)	
Primary Energy Recycling Corporation	(2005 to 2014)	

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	1/1
Audit Committee	2/2	1/1
Human Resources and Corporate Governance Committee (Chair)	7/7	—
Special Committee - Governance (Note 2)	—	4/4

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 15, 2019	7,483	5,197	12,680	44.04	558,427	5,380	236%	Yes
Feb 16, 2018	5,000	2,133	7,133	51.87	369,989	5,380	133%	Yes

Value of total compensation received during the 2018 fiscal year

$136,678

David Morris, CPA, Auditor, CA

Age: 64

Beaconsfield, Quebec, Canada

Director since October 31, 2017

Independent

2018 Annual Meeting
Votes in favour: 99.64%

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 (95.45% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	1/1
Audit Committee	6/6	1/1
Special Committee - Governance (Note 2)	—	3/4

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 15, 2019	1,000	2,418	3,418	44.04	150,529	4,750	72%	Recently appointed
Feb 16, 2018	100	0	100	51.87	5,187	4,750	2%	Recently appointed

Value of total compensation received during the 2018 fiscal year

$113,349

Michael Mueller

Age: 59

Toronto, Ontario, Canada

Director since December 17, 2018

Independent

2018 Annual Meeting
Votes in favour: N/A

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 and Mercal Capital Corporation. 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 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.

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

Attendance (Note 3)

Member of board/committees	Regular	Special
Board of Directors	N/A (Note 3)	N/A (Note 3)

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 15, 2019	—	—	—	44.04	—	8,850	No	Recently appointed

Value of total compensation received during the 2018 fiscal year

N/A (Note 3)

Michelle R. Savoy

Age: 59
Toronto, Ontario, Canada

Director since
March 20, 2012

Independent

2018 Annual Meeting
Votes in favour: 99.61%

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), and a Director of Ontario Public Service Pension Board (member of the audit and investment committees). Ms. Savoy is also a member of the Investment Committee of the Toronto General & Western Hospital Foundation. 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	10/10	1/1
Risk Management Committee	5/5	1/1
Human Resources and Corporate Governance Committee	3/3	—
Special Committee - Governance (Chair) (Note 2)	—	4/4

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 15, 2019	5,412	6,764	12,176	44.04	536,231	5,380	226%	Yes
Feb 16, 2018	4,844	5,117	9,961	51.87	516,677	5,380	185%	Yes

Value of total compensation received during the 2018 fiscal year

$120,603

Susan Wolburgh Jenah

Age: 63

Toronto, Ontario, Canada

Director since
December 9, 2014

Independent

2018 Annual Meeting
Votes in favour: 99.60%

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
Aecon Group Inc.	(2016 to date)	Member of the Audit Committee Chair of the Corporate Governance, Nominating and Compensation Committee

Attendance (94,11% Overall)

Member of board/committees	Regular	Special
Board of Directors	10/10	0/1
Risk Management Committee	5/5	1/1
Special Committee - Governance (Note 2)	—	4/4

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 15, 2019	1,237	7,146	8,383	44.04	369,187	5,380	156%	Yes
Feb 16, 2018	1,174	4,241	5,415	51.87	280,876	5,380	101%	Yes

Value of total compensation received during the 2018 fiscal year

$113,349

Note 1: New rules on share ownership were adopted on May 1, 2016. Each director must hold at least three times his fixed salary 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 and Mr. Mueller 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 and December 17, 2018, respectively.

Note 2: The Special Committee - Governance was created from August to December 2018 to oversee the succession planning of the Chair of the Board.

Note 3: Mr. Michael Mueller was appointed on December 17, 2018 and did not receive any compensation in fiscal year 2018.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

Based on information provided by Mr. A. Michel Lavigne, he was imposed an administrative monetary penalty of $20,000 by the Financial Markets Administrative Tribunal, which found that the directors of NSTEIN Technologies inc. (NSTEIN), a reporting issuer, had executed a securities transaction by adopting a Board resolution granting NSTEIN stock options to its officers as well as to certain other employees of this reporting issuer while in possession of privileged information. This ruling by the Tribunal was appealed to the Court of Quebec on September 14, 2016. On October 19, 2017, the Court of Quebec dismissed an application for inadmissibility due to prescription of the appeal instituted against the directors of NSTEIN. On February 26, 2018, the Court of Quebec dismissed the appeal on the merits. On December 5, 2017, the Court of Appeal agreed to hear the appeal on the judgment of the Court of Quebec dismissing the application for inadmissibility. On April 13, 2018, the Court of Appeal agreed to hear the appeal on the merits. The date for the hearing of the appeal has not been determined.

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

The compensation structure for the Bank's directors was changed as of 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.

	Prior to May 1, 2018		Starting from May 1, 2018	
Per annum fixed compensation for all directors	$95,000 (including $20,000 in the form of deferred share units)		$110,000 (including $55,000 in the form of deferred share units)	
Per annum fixed compensation for the Chair of the Board	$140,000		$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		$20,000	
Per annum fixed compensation per committee on which a director sits, with the exception of the Chair of the Board	$7,500		$7,500	
Fixed compensation for Vice Chair of the Board	$15,000	(Note 1)	$15,000	(Note 2)

Note 1: The Board of Directors approved on August 28, 2017, the fixed compensation to Vice-Chair for the services to be rendered until the next annual meeting of shareholders in 2018.

Note 2: The Board of Directors approved on December 17, 2018, the fixed compensation to Vice-Chair for the services to be rendered until the next Annual Meeting of Shareholders in 2019.

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 (increased from $1,200 as of May 1, 2018). 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 DEFERRED STOCK UNITS OR COMMON SHARES

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 15, 2019, all directors exceeded the target minimum ownership requirement, except for recently appointed directors: Mr. Morris (72% of target, appointed on October 31, 2017) and Mr. Mueller (0% of target, appointed on December 17, 2018).

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:

	Board retainers	Committees retainers	Other Compensation ($)	Cash ($)	Shares/DSUs ($)	Total Compensation ($)
Lise Bastarache	102,500	7,500	1,500	63,688	47,812	111,500
Sonia Baxendale	102,500	7,500	1,500	0	111,500	111,500
Richard Bélanger (Note 1)	42,163	3,329	0	36,615	8,876	45,492
Michael T. Boychuk	102,500	35,000	11,282	54,282	94,500	148,782
Gordon Campbell	102,500	7,500	1,500	0	111,500	111,500
Isabelle Courville	230,000	0	1,500	53,750	177,750	231,500
François Desjardins (Note 2)	0	0	0	0	0	0
Michel Labonté (Note 3)	102,500	36,849	1,500	13,750	127,099	140,849
A. Michel Lavigne (Note 3)	102,500	32,678	1,500	27,500	109,178	136,678
David Morris (Note 3)	102,500	9,349	1,500	10,313	103,036	113,349
Michael Mueller (Note 4)	0	0	0	0	0	0
Michelle R. Savoy (Note 3)	102,500	16,603	1,500	47,800	72,803	120,603
Susan Wolburgh Jenah (Note 3)	102,500	9,349	1,500	0	113,349	113,349

Note 1: Mr. Bélanger ceased to be a director on April 10, 2018.

Note 2: Mr. Desjardins does not receive any compensation for acting as a director of the Bank.

Note 3: The Board of Directors approved an annual compensation for services rendered by the Special Committee- Governance as follows: $20,000 for the Chair and $7,500 for the members, to be paid pro rata based on the number of days the Committee was on duty starting from August 3, 2018.

Note 4: Mr. Mueller became a Director on December 17, 2018 and, therefore, did not receive any compensation during the 2018 fiscal year.

PART E – EXECUTIVE COMPENSATION

Human Resources and Corporate Governance Committee Letter to Shareholders

From Dialogue to Action

Dear fellow Shareholders,

On behalf of the Board of Directors, the Human Resources and Corporate Governance Committee (the "HRCGC") oversees the Bank's approach to executive compensation, including decisions regarding NEO compensation. The HRCGC actively seeks feedback from you on executive compensation matters and, while you expressed to us that our historical approach to executive compensation had evolved with notable merits, many of you have asked for even further changes to add clarity and better align executive compensation with shareholders' interest. In response to your comments, your HRCGC diagnosed thoroughly the Bank's historical approach to executive compensation, and embarked on a renewal process which came into full force as of November 1, 2018, and more tangibly with the December 2018 long-term incentive grants.

The changes are designed to link even more closely executive rewards to the successful execution of the Bank's strategy and to the delivery of long-term value to shareholders within our Risk Appetite and Risk Management Framework. Furthermore, the Bank's approach to executive compensation is now fully aligned with contemporary best practices in the Canadian banking sector while remaining within a 50th percentile compensation structure appropriate for our relative size.

More precisely, following your feedback, and in close collaboration with the Bank's Management:

- We discontinued the use of special transformation PSUs which provided potential for a market 75th percentile pay at target. We continue to support the transformation with pay plans but now work within a 50th percentile target compensation structure;
- We eliminated the 75% guaranteed minimum vesting in the design of our PSUs. The Bank's PSUs are now fully at risk based on relative total shareholder return and absolute adjusted return on equity goals;
- We increased the CEO ownership guidelines from five to six times base salary to ensure that ownership guidelines are proportionate with target LTIP awards for all NEOs;
- We introduced stock options in the NEO long-term pay mix (70% PSUs/30% stock options) to align long-term incentive gains vesting based on the passage of time and associated shareholder value creation. We will seek your approval for a new stock option plan and reserve at this year's annual general meeting to enable this change;
- We adopted new policies to frame a disciplined usage of stock options. This includes a policy to cap the annual burn rate at 1% of outstanding shares and a 12-month post-exercise holding period policy for the CEO;
- We extended the temporal horizon of our long-term incentives with stock options vesting 50% after three years, 50% after four years, and expiring 10 years from the date of grant;
- We simplified our incentive program significantly by aligning short-term incentive deferral requirements with the banking sector. We no longer provide an employer match of 30% in Restricted Share Units ("RSUs") on short-term incentive awards;
- We kept unchanged our NEOs' variable pay targets aligned with the market 50th percentile; and
- We decided to continue encouraging executive share ownership with opportunities to defer cash compensation until retirement in deferred share units, as well as promoting sound risk management with several risk-mitigation policies and design features.

The upshot is a simpler, riskier and better-aligned executive compensation program at a competitive, yet reasonable, cost to shareholders. Furthermore, this renewed approach to executive compensation reflects your Board of Directors' unambiguous commitment to continue supporting the Bank's Strategic Plan.

2018 Bank Performance

In fiscal 2018, we invested in our people, technology and processes and have strengthened the Bank's financial foundation. We continued to progress towards our transformation, including the implementation of our core banking system, the development of our digital solutions and the implementation of the Advanced Internal Ratings-Based approach to credit risk. As we progressed on these initiatives, as well as to withstand market volatility and to meet increased industry requirements, we maintained higher levels of liquidity and capital, which weighed on short term performance in 2018. These measures improved the financial strength of the Bank and will contribute to support future growth initiatives. In addition, the mortgage loan portfolio review was completed in 2018 and the situation was successfully resolved.

2018 CEO Compensation

After review, the Board and the HRCGC awarded total CEO compensation below target due mainly to the Financial Performance Factor at 76.3% of target.

In addition, the previously announced Transformation PSUs were eliminated because we did not believe it was appropriate to provide total direct CEO compensation above market 50th percentile, or higher than last year's, in a year of performance below expectations, irrespective of the extraordinary individual efforts exerted over these twelve months.

Also, analysis leading to the complete overhaul of our approach to executive compensation have led us to conclude that shareholders would be better served with a 2018 pay mix below target and including a limited number of stock options available from our 1992 plan instead of any safer compensation award from our legacy program.

2019 CEO Compensation

Looking ahead, our CEO's base salary will remain unchanged at $600,000 and his target direct compensation will be reduced from $3,600,000 to $3,000,000 per year. 80% of that targeted total direct compensation is now fully at-risk, consisting of 70% equity and 10% cash incentives - as shown in detail in the section Performance and Total Compensation of Named Executive Officers.

Shareholder Engagement

We are committed to engaging effectively and continuously with shareholders and other stakeholders. Supporting this commitment, each year we reach out to the Bank's largest institutional shareholders to discuss our approach to executive compensation. We also answer compensation-related queries received from shareholders throughout the year.

In addition, we foster dialogue on the Bank's executive compensation approach by discussing periodically with other organizations, such as proxy advisory firms. We value the feedback we receive through these interactions, as evidenced by this year's major overhaul in our approach to executive compensation, and we will certainly continue to welcome your comments, suggestions or questions at corporate_secretariat@lbcfg.ca.

On behalf of the HRCGC and the Board of Directors, 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,

A. Michel Lavigne, Chair

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 will develop and execute the Bank's corporate strategy, and deliver strong and positive outcomes for the Bank's clients and shareholders.

The following is a discussion of the Bank's executive compensation program. It includes information regarding the Bank's Compensation Policy and approach to executive compensation, 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, Capital Markets, 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
- Susan Kudzman, Executive Vice-President, Chief Risk Officer and Corporate Affairs (retired on October 31, 2018).

Compensation Governance

The Board of Directors recognizes the importance of appointing knowledgeable and experienced individuals to the HRCGC who have the necessary background in executive compensation and risk management to fulfill the Committee's obligations to the Board and shareholders.

The members of the HRCGC have the knowledge, skills, and experience in executive compensation and human resources matters to make inquiries and decisions on the suitability of the Bank's compensation policies and practices. All members of the Committee have significant experience in these areas as senior leaders and directors of other organizations. This experience includes the following:

Specific Experience or Expertise	Number of HRCGC 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

Based on the foregoing, the Board of Directors believes that, overall, the members of the HRCGC have the skills and experience that enable them to make informed decisions on the suitability of the Bank's compensation policies and practices. Additional information regarding the HRCGC members standing for re-election as directors is provided in Part C of this Circular.

The HRCGC follows numerous governance best practices, including in camera sessions without Management present during every committee meeting. In fiscal 2018, the HRCGC also held in camera sessions with Hexarem following their appointment as independent executive compensation advisors. The CEO and the Senior Vice-President, Corporate Human Resources attend meetings of the HRCGC 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 his or her compensation are made. The HRCGC also hires external compensation consultants to survey market practices regarding compensation levels and structure. Due to the extensive work on renewing the Bank's approach to compensation completed in 2018, the survey of market practices scheduled for 2018 was postponed to 2019.

In addition, the HRCGC receives feedback from shareholders through an annual advisory resolution on the Bank's approach to executive compensation, through emails sent to corporate_secretariat@lbcfg.ca, and by meeting with key stakeholders as per the HRCGC own initiative or upon request.

The HRCGC plays a key role in establishing and implementing the terms of this Compensation Policy. Among other things, it:

- Approves and reviews the Compensation Policy annually;
- 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.

The members of the HRCGC are A. Michel Lavigne (Chair), Isabelle Courville, Michel Labonté and Michelle R. Savoy. All members are independent within the meaning of Regulation 58-101 Respecting Disclosure of Corporate Governance Practices. Please refer to Part F - Corporate Governance for a description of the HRCGC mandate.

Executive Compensation Policy

The Bank's Executive Compensation Policy addresses the subjects of governance, reference group, external advisors, components of overall executive compensation, balance between variable and fixed compensation, clawback procedures and minimum share ownership requirements. These elements are further discussed in the following sections.

The Compensation Policy's objectives are to:

- Continuously promote the alignment of the executives' interests with those of shareholders through compensation programs;
- Attract and retain competent and motivated executives;
- Foster transparency with respect to executive compensation management;
- Establish competitive compensation linked to the Bank's performance; and
- Respect the principles of sound compensation practices in terms of internal and external equity and of prudent risk management.

The Bank's new approach to executive compensation is now fully aligned with best practices as follows:

<u>What we do</u>

- Outline the Bank's approach to executive compensation through the HRCGC's Letter to Shareholders;
- Provide shareholders with the opportunity to vote on a "Say on Pay" resolution at the Bank's annual meeting of shareholders;
- Align the Bank's compensation programs with its corporate strategy through short- and long-term strategic goals;
- Work within a 50^{th} percentile target total compensation framework;
- Rely on market compensation data that is adjusted downward to reflect the Bank's size relative to other organizations in the reference group;
- Retain an independent compensation advisor that does not provide any other services to the Bank;
- 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;
- Provide detailed information on organizations used in the Bank's comparator group for benchmarking purposes;
- Link the vesting of 70% of long-term incentive awards to the achievement post-grant long-term performance goals;
- Require substantial minimum share ownership at the senior management level, and extending 12 months following retirement for the CEO;
- Include relative and absolute performance vesting conditions in the design of the PSUs;
- Have a policy requiring our CEO to hold stock option gains in shares for a minimum number of 12 months;
- Test compensation awards for appropriate alignment between pay and performance under a number of different outcome scenarios;
- Defer vesting of share units until after retirement;
- Have a clawback policy that allows the Bank to recoup incentive compensation payments; and
- Cap annual incentive payouts and PSU payouts.

<u>What we don't do</u>

- 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; and
- Excessively dilute shareholders' equity due to long-term incentive programs.

Compensation Reference Group and Benchmarking

In order to maintain compensation aligned with the market, the Bank regularly mandates external advisors to conduct a specific survey of a reference market composed of Canadian companies operating in its sector. The last compensation review was done in October 2016. The selection criteria used for the reference group are as follows:

- Companies in the banking and financial services sectors;
- Comparable clientele;
- Comparable business activities; and
- Comparable employee profile.

The HRCGC reviews the list of criteria and reference group prior to any compensation analysis. The HRCGC had planned to update this review in 2018, but this update was postponed due to extensive design work associated with the overhaul of the Bank's approach to executive compensation.

Willis Towers Watson analyzes and compares the Bank's Executives total target compensation with the reference group. The HRCGC then reviews the results of the market study prepared by external advisors, receives and evaluates the President and Chief Executive Officer recommendations and, where applicable, approves the target compensation of executives, excluding the President and Chief Executive Officer. With respect to the President and Chief Executive Officer's compensation, the HRCGC submits its recommendations to the Board of Directors for approval.

A single reference group is used to assess market value of overall executive compensation. As part of the October 2016 Executive Compensation Benchmark prepared by Willis Towers Watson, the Bank updated its reference group to reflect market changes and to ensure that organizations considered for benchmarking purposes reflect the selection criteria listed above. The reference group includes 26 organizations from the financial services, banking, investment management and insurance sectors. It also represents the typical recruitment market for executives and organizations that are likely to recruit from the Bank. Other selection criteria include organizations that are listed with size comparable to that of the Bank.

The following table presents the reference group as well as their organizational characteristics as at the time of the 2016 review:

Organizations	Publicly Traded Companies	Financial Industry			
		Banking	Other Financial Services	Insurance	Investment Management
BMO Financial Group	x	x			
Caisse de dépôt et placement du Québec					x
Canaccord Genuity Group Inc.	x				x
Canadian Imperial Bank of Commerce	x	x			
Canadian Western Bank	x	x			
Element Financial	x		x		
E-L Financial Corporation Limited	x			x	
Equitable Group Inc.	x		x		
Export Development Canada			x		
Fédération des caisses Desjardins du Québec		x			
First National Financial Corporation	x		x		
Genworth MI Canada Inc	x			x	
Great-West Lifeco Inc.	x			x	
Home Capital Group Inc.	x		x		
HSBC Bank of Canada		x			
Industrial Alliance Insurance and Financial Services Inc.	x			x	
Intact Financial Corporation	x			x	
Investors Group Inc.	x		x		
Manulife Financial	x			x	
National Bank Financial Group	x	x			
PSP Investments					x
Royal Bank of Canada	x	x			
The Bank of Nova Scotia	x	x			
Sun Life Financial	x			x	
TD Bank Financial Group	x	x			
TMX Group	x		x		

Given that the size of an organization tends to have a direct impact on executive compensation, and considering that some organizations in the reference group (e.g., most Canadian banks) are much larger than the Bank, the market data was adjusted by Willis Towers Watson, as per their standard log-linear regression methodology, to align the relationship between compensation statistics and the size of the organisation, in terms of annual revenues. In the case of the Bank, adjusted statistics used by the HRCGC were lower than unadjusted statistics due to the Bank's relatively small size compared to the reference group organizations.

External Advisors

The Compensation Policy provides that external advisors be mandated to analyze and compare the target total compensation of the Bank's executives with the reference group. In their analyses, the external advisors make appropriate adjustments in accordance with their methodology to take the Bank's relative size into consideration, as well as differences in responsibility levels among executives of organizations that form the reference group. The last benchmark study was requested from Willis Towers Watson in October 2016.

In November 2017, the Bank hired Hexarem to review independently the Bank's executive compensation governance practices and, in May 2018, Hexarem was engaged to assist the Bank with the complete overhaul of its approach to executive compensation, which came into full force as of November 1, 2018.

Advisor	Executive Compensation-Related Fees ($)		All Other Fees ($)	
			2018	2017
Hexarem	128,189		—	

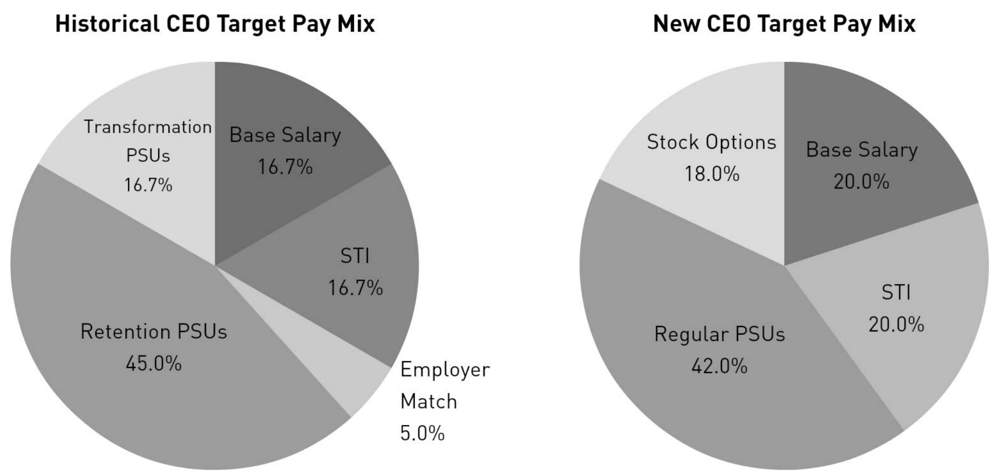
NAMED EXECUTIVE OFFICERS' COMPENSATION

The Bank has made significant changes to its executive compensation in 2018. These changes were designed to simplify our programs and to link even more closely executive compensation to performance results and to the successful execution of the Bank's strategy. Starting in fiscal 2019, NEOs total direct compensation will be composed of four elements:

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

The target total direct compensation of our President and CEO was realigned with the market 50th percentile and consequently reduced by 16.7% from $3,600,000 to $3,000,000. As illustrated below, 80% of that targeted total direct compensation is now fully at-risk, consisting of 70% equity and 10% cash incentives. Similar adjustments were made to the compensation of all NEOs. Additional information about each compensation element and NEO compensation details are presented in the following section.

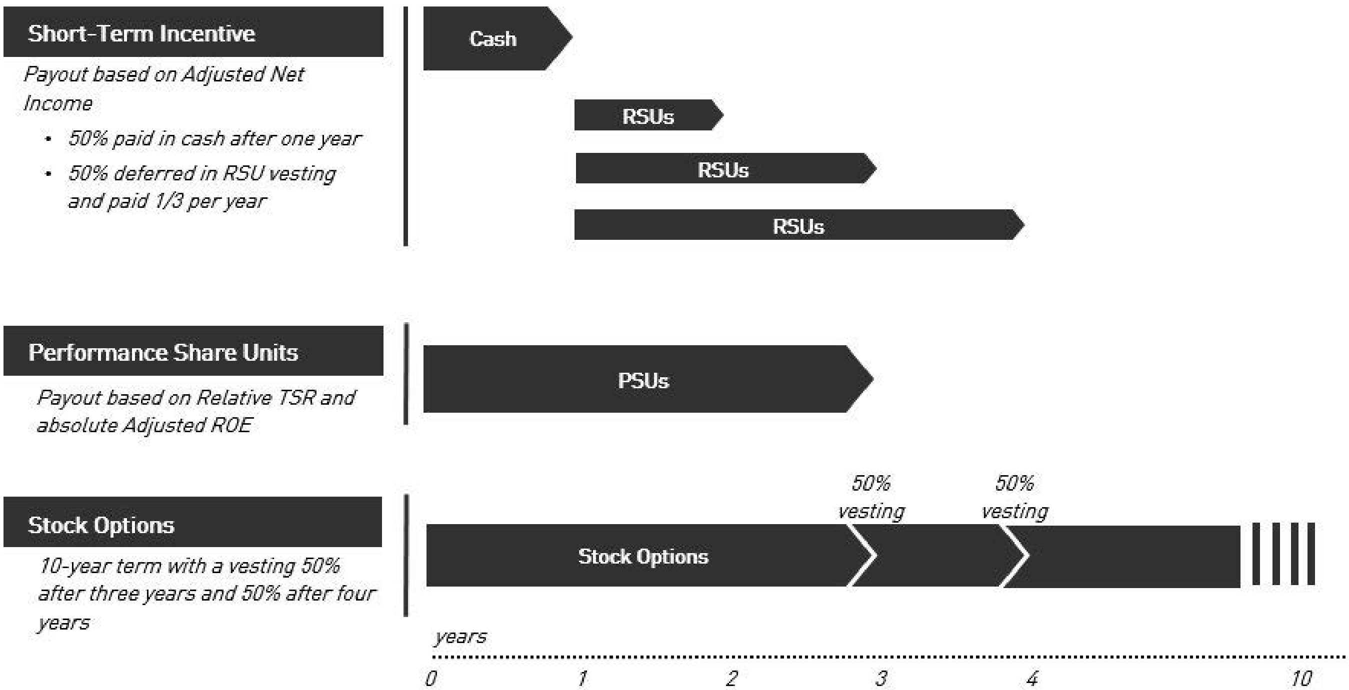
Changes to the CEO Target Total Direct Compensation



Base Salary	$600,000	$600,000
Short-Term Incentive (STI)	100% of Base Salary 50% of STI payout is deferred in RSUs vesting immediately upon grant and redeemable after 3 years	100% of Base Salary 50% of STI deferred in RSUs vesting and paid 1/3 per year and subject to non-compete and non-solicit provisions
Employer Match	30% of STI payout paid in RSUs vesting after three years	Discontinued and reassigned to long-term incentive target
Performance Share Units (PSUs)	270% of Base Salary Vesting based on Relative TSR with a payout between 75% and 125% of target	210% of Base Salary Vesting based on Relative TSR and ROE with a payout between 0% and 150% of target
Transformation PSUs	100% of Base Salary Vesting based on ROE with a payout between 0% and 100% of target	Discontinued, but goals (not value) were reassigned to regular PSUs
Stock Options		90% of Base Salary Vesting 50% after three years and 50% after four years
Total Target Direct Compensation	**$3,600,000** close to market 75th percentile	**$3,000,000** close to market 50th percentile

Short- and Long-Term Goals Aligned with Shareholders' Interest

Effective November 1, 2018, the new NEO incentive compensation program aligns pay with shareholder interest over up to 10 years. Short-term incentives link annual pay to a Financial Performance Factor based on adjusted net income and an Individual Performance Factor. Half of short-term incentive payments are deferred and further aligned with shareholder interest using restricted stock units (RSUs). Our new performance share units (PSUs), which represent 70% of the long-term incentive value granted to NEOs, are now 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, as per our historical practice. The other half of PSU vesting is based on adjusted ROE relative to our budget, a metric consistent with our transformation objectives. Stock options represent 30% of the long-term incentive value granted to NEOs. The options granted in December 4, 2018 conditional upon shareholder approval of the plan and reserve at the Meeting, will 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:

- Market 50th percentile compensation for a similar position;
- Performance and individual contribution;
- Responsibility level; and
- Demonstrated skills and experience.

NEOs salaries are reviewed annually by the HRCGC based on the criteria listed above and based on the President and Chief Executive Officer's recommendations. These 2018 salaries are all consistent with the size-adjusted market 50th percentile of our comparator group.

	Base Salary Set at the Beginning of 2017	Base Salary Set at the Beginning of 2018	Base Salary Set at the Beginning of 2019
François Desjardins	$550,000	$600,000	$600,000
François Laurin	$310,000	$380,000	$380,000
Deborah Rose	$360,000	$420,000	$420,000
Stéphane Therrien	$410,000	$420,000	$420,000
Susan Kudzman	$310,000	$335,000	(retired on October, 2018)

Short-Term Incentive

The main purpose of the short-term incentive plan is to recognize the attainment of the individual performance objectives as well as the Bank's financial objectives that occurred during the past year.

In fiscal 2018, 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 175%*		*Between 0% and 262.5%*

For employees who were significantly involved in the execution and delivery of the Strategic Plan, the Individual Performance Factor of the short-term incentive plan was increased by a factor of 0.25. In those cases, the total maximum payout was at 262.5% of target.

Short-Term Incentive Target

The short-term incentive targets are based on market practices and hierarchical level. The 2018 targets remained unchanged, except for Mr. Laurin, for whom the target was increased to 80% of base salary.

	2017 STI Target	2018 STI Target	2019 STI Target
François Desjardins	100%	100%	100%
François Laurin	65%	80%	80%
Deborah Rose	80%	80%	80%
Stéphane Therrien	80%	80%	80%
Susan Kudzman	65%	65%	-

STI targets were harmonized in 2018 among NEOs to re-equilibrate internal and external equity, and are kept unchanged for 2019

Financial Performance Factor

The Financial Performance Factor is based on the financial target established by the Board of Directors at the beginning of the fiscal year and is aimed to encourage employees to take all the Bank's operations into account. The Financial Performance Factor is based on the Bank's adjusted net income (adjusted net income after taxes and before dividends).

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 2018 and the corresponding Financial Performance Factors for incentive compensation purposes are summarized in the following table:

	Adjusted Net Income (1) ($M)	Financial Performance Factor
Overarching Hurdle	< 160.14	0%
Between Hurdle and Threshold	Between 160.14 and 213.52	0% for NEOs and lump sum envelope (2)
Threshold	213.52	50%
Target	266.90	100%
Maximum	293.59	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.

2018 Results

The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.

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 HRCGC pays particular 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 HRCGC for approval. As for the President and Chief Executive Officer, the objectives and performance assessment are determined by the Board of Directors, upon the HRCGC's recommendation.

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

Performance Indicators	Description
Financial Aspects (15%)	
Group	**Laurentian Bank After Tax Contribution** Act diligently to achieve the Group's profit contribution target, which is a shared objective and to which everyone contributes
Core Accountabilities (20% to 35%)	
Sector Management / Growth Targets	**Sectoral Budget** Leaders are responsible for the allocation of resources and expenditures and must: ● Plan operations, activities and initiatives with the objective to meet or beat expected budgets ● Use the best judgement in the choice of expenses incurred, maximizing benefits ● Monitor personal and the team's budget and expenses on a regular basis ● Enforce proper budgetary controls
Risk Management & Compliance	Compliance and risk management regarding regulatory obligations
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 ● Anticipate and analyze risks surrounding the Plan Develop sector growth strategy Develop an annual strategic plan and present it for review and prioritization
Initiative Sponsor	Proper management of initiatives and buy-in from key stakeholders
Initiative Participation	Properly staff, execute and be responsible for sector deliverables pertaining to initiatives championed by other sectors As a member of the Executive Office team, participate in initiatives that are sponsored by other sectors and/or colleagues.
Leadership Skills (10%)	
Professional Behavior	Ensure collaboration and development of a team spirit and ensure trust and a good working relationship with the Board of Directors
People Management Competency	Practice daily the following People Management commitments: ● 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%	—%

25% can be added on the IPF as recognition of special involvement in the attainment of strategic plan goals.

2018 Short-Term Incentive Payout

NEOs are paid 50% of their short-term incentive compensation in cash and must convert the remaining 50% into RSUs vesting at the date of the award and payable after three years to promote share ownership and a better alignment with the interests of the shareholders.

	2018 Base Salary	2018 STI Target	Financial Performance Factor	Individual Performance Factor	2018 STI Payout	Paid in Cash	Paid in RSUs
François Desjardins	$600,000	100%	76.3%	125%	$572,250	$286,125	$286,125
François Laurin	$380,000	80%	76.3%	145%	$336,330	$168,165	$168,165
Deborah Rose	$420,000	80%	76.3%	175%	$448,644	$224,322	$224,322
Stéphane Therrien	$420,000	80%	76.3%	175%	$448,644	$224,322	$224,322
Susan Kudzman	$335,000	65%	76.3%	100%	$124,631	$63,815	$63,815

Long-Term Incentives

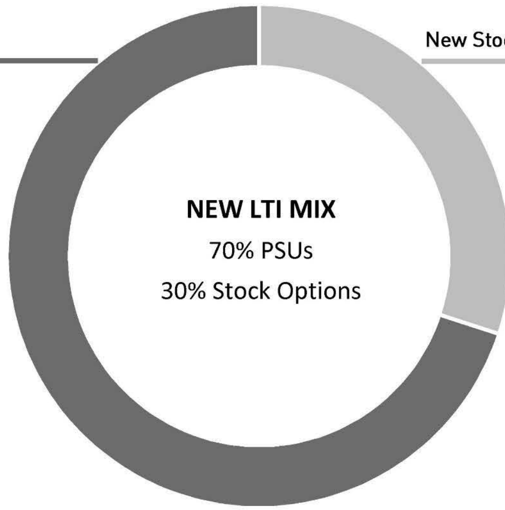
The Bank will start fiscal 2019 with a new and much simpler long-term incentive program aligned with:

- Canadian banking sector practices;
- Governance standards; and
- A 50th percentile compensation framework

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

New Performance Share Units (PSUs)

- Vesting based on two performance 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



New Stock Options – Subject to shareholders' approval

- 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

No more minimum guaranteed payouts and only 30% time-based vesting in the new LTI mix effective as of the December 4, 2018, grants

2018 Equity Incentive Awards - A Transition Year

In fiscal 2018, the HRCGC has discontinued the use of special transformation PSUs which provided a potential for a market 75th percentile pay at target, even if the new long-term incentive plan only came fully into effect in fiscal 2019.

Although the special transformation PSUs, based on relative ROE, were discontinued, the Bank considered ROE a relevant metric to align executive compensation with Shareholders' interest. Therefore, the Bank updated its PSUs program, from a single metric to a double metric program to include adjusted ROE. The bank opted for an absolute adjusted ROE metric to ensure the alignment of compensation goal setting with the strategic plan.

Retention and Performance Share Units (RPSUs)

Up to 2018, RPSUs were approved annually and granted at the discretion of the HRCGC. The 2018 RPSU grants were as follows.

	2018 Base Salary	2018 RPSUs Target (%)	2018 RPSUs Target ($)	2018 RPSUs Actual ($) (Note 1)
François Desjardins	$600,000	270%	$1,620,000	$1,485,000
François Laurin	$380,000	132%	$501,600	$409,200
Deborah Rose	$420,000	132%	$554,400	$475,200
Stéphane Therrien	$420,000	132%	$554,400	$541,200
Susan Kudzman	$335,000	132%	$442,200	$409,200

Note 1: 2018 RPSUs grants were based on 2017 base salaries

Starting in fiscal 2019, the RPSUs will be ***replaced*** *with new regular PSUs with:*

- *A vesting based on Relative TSR and absolute Adjusted ROE; and*
- *A payout between 0% and 150% of target*

RPSUs vest on the third anniversary of the grant. Upon vesting, the number of RPSUs is adjusted based on the Bank's performance. The payout varies between 75% and 125% of the number of units granted. The performance measure is the three-year Total Shareholders Return (TSR) average compared with the Banks' performance comparator group. The 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.

For the RPSUs granted in 2015 and vested in December 2018, the Bank has recorded a three-year TSR of -0.85%, while the XFN - S&P/TSX Capped Financials Index Fund has recorded a three-year TSR of 9.5%. The resulting performance factor was 75%. Historical performance factor for RPSUs that vested in December 2017 and 2016 were respectively of 103.95% and 96.17%.

The RPSU performance factor was calculated based on the following formula:

(Bank 3-year average TSR –XFN Financial 3-year average TSR) x 3 + 100%

NEOs meeting the share ownership guidelines must choose to either participate in the RPSU or the Deferred RPSU (DRPSU) version of the program. Executives not meeting the share ownership guidelines receive Deferred RPSUs.

- Under the RPSU program, the payout is made on the vesting date, which is three years after the grant;
- Under the Deferred RPSU 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.

No further RPSU grants will be made under the new approach to compensation.

Old Stock Options Purchase Plan

The HRCGC has approved an ad hoc stock option grant from the remaining reserve of 124,962 stock options left from the old Stock Option Purchase Plan. The 2018 stock options grants were allocated as follows.

	Number of Stock Options Granted in Fiscal 2018 Under the Legacy Plan	Stock Option Value at Grant Date
François Desjardins	53,279	286,641
François Laurin	12,012	64,625
Deborah Rose	27,898	150,091
Stéphane Therrien	31,773	170,939

124,962 stock options from the legacy plan were granted on October 30, 2018

The following table outlines the Burn Rate for the past three years as of October 31, 2018, calculated using the TSX prescribed methodology:

	2018	2017	2016
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	0.3%	0%	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 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, 2018	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2018 ($)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column) as at October 31, 2018
Old Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries	124,962	38.97	0

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

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 plan is financed by the Bank and is 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 HRCGC adopted minimum share ownership level requirements. In fiscal 2018, the HRCGC 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	3 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 HRCGC 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 RPSU 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 HRCGC 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 HRCGC, 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 HRCGC 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 principle of the Financial Stability Board was developed to assess the risk 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.

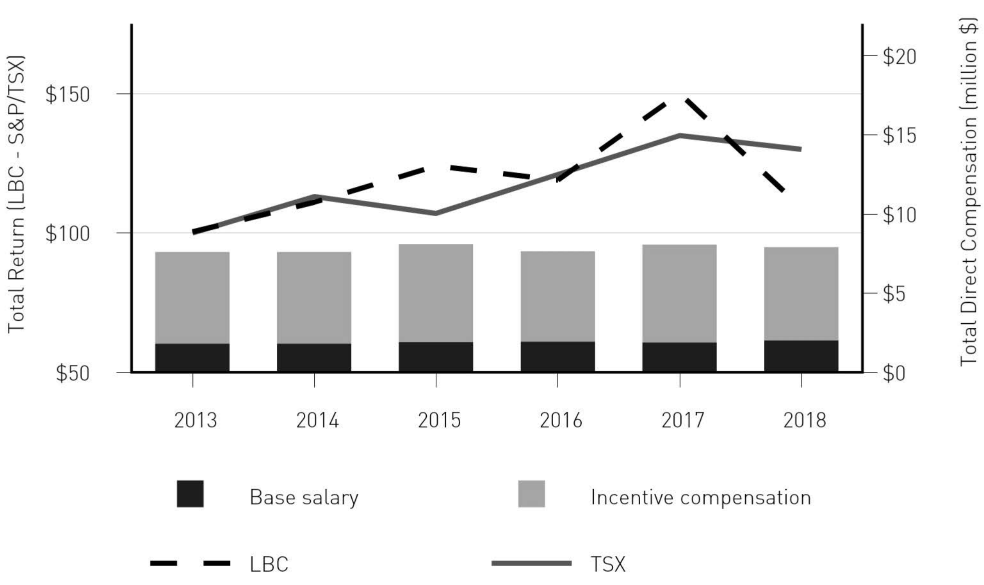
Since 2010, the HRCGC and the Risk Management Committee have conducted an annual examination of the risk analysis of the compensation programs prepared by the Executive Vice-President, Chief Risk Officer and Corporate Affairs based on the analysis grid. The last such analysis was conducted in December 2018. As a result of this assessment, the HRCGC 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, 2013, 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.



	2013	2014	2015	2016	2017	2018
Base Salary (in million $)	$1.8	$1.8	$1.9	$1.9	$1.9	$2.0
Incentive Compensation (in million $)	$5.8	$5.8	$6.2	$5.7	$6.2	$5.9
Total Direct Compensation (in million $)	$7.6	$7.6	$8.1	$7.6	$8.1	$7.9
Laurentian Bank of Canada	$100	$111	$124	$119	$150	$109
S&P/TSX Composite Index	$100	$113	$107	$121	$135	$130
Adjusted Net Income (in million $)	$155.4	$163.5	$172.1	$187.0	$230.7	$241.6

Trend Analysis

During the period covered by the graph, the data shows that the level of Total Direct Compensation received by Named Executive Officers:

- Increased by 4% while the Bank's shareholders' value increased by 9%; and
- Varied in sync with the Bank's shareholder return.

The Total Direct Compensation and shareholders return vary in sync due to the fact that:

- A significant portion of the compensation is performance based;
- The performance metrics used for the incentive programs are aligned with shareholders' return; and
- The HRCGC ensures that compensation and performance are aligned, through the Compensation Policy and performance evaluations.

2018 CEO Target and Realized Pay

	Target 2018	Granted 2018	Realized 2018 (Note 1)
Base Salary	$600,000	$594,336	$594,336
2018 Short-Term Incentive (STI			
Portion paid in cash	$300,000	$286,125	$286,125
2018 Long-Term Incentive (LTI)			
STI portion deferred in RSUs	$300,000	$286,125	---
Employer match RSUs	$180,000	---	---
RPSUs	$1,620,000	$1,485,000	---
Transformation PSUs	$600,000	---	---
Stock Options	---	$286,641	---
LTI vested and paid in 2018			
2015 STI deferred in RSUs	---	---	$0
2015 Employer Match in RSUs	---	---	$0
2015 RPSUs	---	---	$0
Total	$3,600,000	$2,938,227	$880,461

Note 1: The 2018 Realized Pay is lower than the 2018 Target Pay because Mr. Desjardins elected to defer his Performance Share Units and Restricted Share Units granted in 2015 which vested in 2018. These Share Units will be redeemable upon Mr. Desjardins' retirement.

Performance and Total 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[1] since November 1, 2015. After joining the organization in 1991, he quickly rose through the ranks. A natural 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.

(1) referred to as "LBCFG", the "Group", or the "Bank".

2018 Group Performance

Financial Performance Factor

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2018 Results** The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.
Group Performance Factor	76.3%	

2018 Individual Performance Scorecard

The HRCGC evaluated François Desjardins' 2018 individual performance based on a pre-determined scorecard which is summarized as follow:

	Score	Key Accomplishments
Core Accountabilities (20%)	Meets expectations	- The 2018 results reflect investments in people, processes, technology and actions to strengthen the Group's financial foundation, including maintaining healthy capital and liquidity levels which puts the Group in a good position to deliver its strategic objectives. - The Group ended fiscal 2018 with a Common Equity Tier 1 capital ratio - All-in basis at 9.0% compared to 7.9% at year-end 2017. - Since 2016, the Bank mix has benefited from an increase of loans to business customers which produced higher margin in 2018, including loans in equipment and inventory sector. In 2018, NIM was up 10 bps year-over-year. - The Bank achieved a milestone in its advice-focused approach for retail customers by opening its first advice centre in Montreal. - Total revenue exceeds $1.0 billion, up 5% year-over-year.
Initiatives (55%)	Meets expectations	- Successful migration of B2B Bank investment and RSP loans, as well as of Guaranteed Investment Certificates, onto the new core banking system. - Progression on the development of digital products, that will offer convenient tools and a renewed customer experience. - Implementation of a new system at LBC Capital to provide the equipment finance sector with a best-in-class tool to serve their clients. - Significant progress was made on regulatory and compliance initiatives.
Leadership Skills (10%)	Meets expectations	- Under Mr. Desjardins' guidance, the Group is building a culture of performance which empowers employees to grow the business strategically and to focus on improving financial performance. - Mr. Desjardins spearheaded an important investment by completing the build of a new corporate office in Montreal, which allowed to bring together under one roof teams from nine separate locations. - He successfully ensured the succession planning and integration of both the Capital Markets and CRO positions.
Individual Performance Rating	Meets expectations	
Individual Performance Factor	125%	Combined factor: 95.4%

2018 Short-Term Incentive Payout

2018 Base salary	x	*2018 STI Target*	x	*Financial Performance Factor*	x	*Individual Performance Factor*	=	*STI Payout*
600,000		*100%*		*76.3%*		*125%*		*572,250*
						Includes additional factor linked to the delivery of the strategic plan		

2018 Compensation Highlights

Compensation Elements	2018 Target ($)	2018 Actual ($)	2017 Actual ($)
Base Salary	600,000	594,336	555,513
Short-Term Incentive			
Paid in Cash	300,000	286,125	315,500
Deferred in RSUs	300,000	286,125	315,500
Employer Match	180,000	0	188,100
Long-Term Incentive			
Share-Based Awards	2,220,000	1,485,000	1,485,000
Option-Based Awards	0	286,641	0
Total Direct Compensation	3,600,000	2,938,227	2,859,613

Share Ownership Guidelines

Share Ownership Requirement (multiple of base salary)		6x
Ownership[1]	Shares (#)	9,990
	Vested Share Units (#)	115,796
	Unvested Share Units (#)	65,790
Total value of shares and share units [2]		$7,961,899
Share Ownership (multiple of base salary)		13x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program
[2] Value as at October 31, 2018 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($41.56)

François Laurin,
FCPA, FCA, CFA

Executive Vice President, Finance, Treasury, Capital Markets, and Chief Financial Officer

François Laurin is responsible for the Group's activities in the areas of finance, accounting, treasury, taxation, investor relations, mergers and acquisitions, and capital markets. With more than 30 years of experience, he has held several senior positions throughout his career. He has worked in the financial, mining, telecommunications and technology sectors. He joined the organization in 2015.

Mr. Laurin is also a director and Chair of the Board of Directors of Laurentian Bank Securities. He has earned the title of Fellow of the Ordre des comptables professionnels agréés du Québec (FCPA) and is a Chartered Financial Analyst (CFA).

2018 Group Performance

Financial Performance Factor

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2018 Results** The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.
Group Performance Factor	76.3%	

2018 Individual Performance Scorecard

The HRCGC evaluated François Laurin's 2018 individual performance based on a pre-determined scorecard which is summarized as follow:

	Score	Key Accomplishments
Core Accountabilities (35%)	Exceeds expectations	- Mr. Laurin supervised the evolution of the LBCFG financial models to ensure alignment to overall strategy in a context of transformation, of changing market conditions and of increased competition. - Through Mr. Laurin's guidance, his teams put in place enhanced capital management processes resulting in more accurate forecasting. This enabled the business lines to improve their competitiveness by refining business intelligence and allowing for better and timely decision-making in business lines. - Mr. Laurin put in place a proactive communication plan with debt-investors, rating agencies and bankers. As an example, Mr. Laurin led a Debt-Investor Roadshow which resulted in the largest ever 5-year Fixed SDN issue in LBCFG's history.
Initiatives (40%)	Exceeds expectations	- With the objective to build a stronger financial foundation, Mr. Laurin led several initiatives within his sectors resulting in more efficient, better aligned and performing reporting tools and forecasting capabilities, as well as heightened governance. - Mr. Laurin played a key role in the sale of non-core assets, which allowed the Group more flexibility to achieve the plan. - Ensured that the adequate financial structure was developed to allow for the efficient integration of Northpoint Commercial Finance, a U.S. legal entity acquired in 2017.
Leadership Skills (10%)	Exceeds expectations	- Mr. Laurin fosters open and constructive relationships with key stakeholders in the financial community, providing a better understanding of LBCFG long-term strategic objectives. - Mr. Laurin's leadership style promotes team work and knowledge sharing enabling team members to surpass themselves and grow in their role. - Mr. Laurin's sound judgment and balanced perspective constitute an invaluable asset to the management team.
Individual Performance Rating	Exceeds expectations	
Individual Performance Factor	145%	Combined factor:110.6%

2018 Short-Term Incentive Payout

2018 Base salary	x	2018 STI Target	x	Financial Performance Factor	x	Individual Performance Factor	=	STI Payout
380,000		*80%*		*76.3%*		*145%*		*336,330*
						Includes additional factor linked to the delivery of the strategic plan		

2018 Compensation Highlights

Compensation Elements	2018 Target ($)	2018 Actual ($)	2017 Actual ($)
Base Salary	380,000	349,666	307,044
Short-Term Incentive			
Paid in Cash	152,000	168,165	143,569
Deferred in RSUs	152,000	168,165	143,569
Employer Match	91,200	0	86,141
Long-Term Incentive			
Share-Based Awards	501,600	409,200	396,000
Option-Based Awards	0	64,625	0
Total Direct Compensation	1,276,800	1,159,821	1,076,323

Share Ownership Guidelines

Share Ownership Requirement (multiple of base salary)		3x
Ownership[1]	Shares (#)	1,517
	Vested Share Units (#)	6,940
	Unvested Share Units (#)	20,692
Total value of shares and share units [2]		$1,211,444
Share Ownership (multiple of base salary)		3x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program
[2]Value as at October 31, 2018 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($41.56)

Deborah Rose

Executive Vice President and Chief Operating Officer and Chief Information Officer

Deborah Rose is responsible for the administration, technology and operational activities of the Group. She is also the Chief Information Officer for Laurentian Bank Financial Group and the President and Chief Executive Officer of LBC Tech. Prior to joining the Group in 2011, Ms. Rose was Senior Vice President, Business Operations at International Financial Data Services. Her career in the financial services industry spans over 25 years.

2018 Group Performance

Financial Performance Factor

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2018 Results** The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.
Group Performance Factor	76.3%	

2018 Individual Performance Scorecard

The HRCGC evaluated Deborah Rose's 2018 individual performance based on a pre-determined scorecard which is summarized as follow:

	Score	Key Accomplishments
Core Accountabilities (30%)	Superior performance	- Under her leadership, B2B Bank and LBC Tech have improved their operational efficiency, compliance reporting capabilities and have strengthened their governance framework. She played a key role in the mortgage loan portfolio review by enhancing the processes and implementing better controls. - Ms. Rose's accountabilities were expanded in June 2018, to include the oversight of the administration, technology and operation activities for LBCFG overall. In the first months of her tenure, Ms. Rose developed a comprehensive plan covering the centralisation of operational controls, administrative activities and reporting procedures, and people systems to effectively deliver the strategic plan, while allowing financial growth and operational efficiency.
Initiatives (45%)	Superior performance	- Ms. Rose championed numerous large scope, multi-year initiatives impacting the whole Group covering the following areas: replacement of the core banking platform, company-wide compliance programs and cyber-security. She has been very successful in leading her teams to meet challenging deadlines, deliver key milestones. - Her in-depth expertise was instrumental in solving unforeseeable challenges allowing to properly deliver the strategic plan. Ms. Rose ensured the oversight was appropriate for all transformation initiatives.
Leadership Skills (10%)	Exceeds expectations	- Ms. Rose's approach to management allows the development of strong teams that are empowered to deliver high results. - Her focus on client satisfaction pushes her to implement solutions that are aimed at fulfilling the changing needs of the customers as well as remaining efficient and sustainable. - At all times, Ms. Rose promotes open and positive communications and ensures all levels of the organisation are properly aligned with the Group's strategic plan.
Individual Performance Rating	Superior performance	
Individual Performance Factor	175%	Combined factor:133.5%

2018 Short-Term Incentive Payout

2018 Base salary	x	2018 STI Target	x	Financial Performance Factor	x	Individual Performance Factor	=	STI Payout
420,000		80%		76.3%		175%		448,664
						Includes additional factor linked to the delivery of the strategic plan		

2018 Compensation Highlights

Compensation Elements	2018 Target ($)	2018 Actual ($)	2017 Actual ($)
Base Salary	420,000	407,745	353,343
Short-Term Incentive			
Paid in Cash	168,000	224,322	205,200
Deferred in RSUs	168,000	224,322	205,200
Employer Match	100,800	0	123,120
Long-Term Incentive			
Share-Based Awards	554,400	475,200	429,000
Option-Based Awards	0	150,091	0
Total Direct Compensation	1,411,200	1,481,680	1,315,863

Share Ownership Guidelines

Share Ownership Requirement (multiple of base salary)		3x
Ownership[1]	Shares (#)	859
	Vested Share Units (#)	20,634
	Unvested Share Units (#)	24,321
Total value of shares and share units [2]		$1,904,032
Share Ownership (multiple of base salary)		5x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program
[2]Value as at October 31, 2018 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($41.56)

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 as well as for the retail branch network in Quebec.

An experienced manager, 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.

*2*018 Group Performance

Financial Performance Factor

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2018 Results** The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.
Group Performance Factor	76.3%	

2018 Individual Performance Scorecard

The HRCGC evaluated Stéphane Therrien's 2018 individual performance based on a pre-determined scorecard which is summarized as follow:

	Score	Key Accomplishments
Core Accountabilities (35%)	Superior performance	Under Mr. Therrien's leadership, his teams contributed to greater efficiency as well as to strategic growth and market positioning across Canada and in parts of the U.S.: - increase of loans to business customers in the portfolio mix by 50% since Q4 2015. More specifically in 2018, the Group obtained positive results in higher-margin commercial loans, including equipment and inventory financing through LBC Capital and Northpoint Commercial Finance. - the sale of selected non-strategic assets added flexibility to execute the plan; - launch of the Group's first advice-focused business centre which received a very positive response from customers.
Initiatives (40%)	Exceeds expectations	Mr. Therrien played a critical role in the successful implementation of workstreams and enhanced business processes, resulting in improved controls, enhanced compliance and better reporting while maintaining an excellent customer experience. Mr. Therrien orchestrated the comprehensive integration of Northpoint and CIT Canada, not only by ensuring the implementation of a best-in-class system managing the end-to-end business cycle, but also by investing in the development of the team's expertise in this niche market growth engine.
Leadership Skills (10%)	Superior performance	Mr. Therrien is an efficient communicator, keeping stakeholders engaged and focused on results. He sets ambitious, yet attainable objectives ensuring talent development and team performance. He is a strong contributor to the executive team, ensuring a high level of integrity. A critical thinker, he has a positive influence on the team and inspires others to outperform.
Individual Performance Rating	Superior performance	
Individual Performance Factor	175%	Combined factor:133.5%

2018 Short-Term Incentive Payout

2018 Base salary	x	*2018 STI Target*	x	*Financial Performance Factor*	x	*Individual Performance Factor*	=	*STI Payout*
420,000		*80%*		*76.3%*		*175%*		*448,664*
						Includes additional factor linked to the delivery of the strategic plan		

2018 Compensation Highlights

Compensation Elements	2018 Target ($)	2018 Actual ($)	2017 Actual ($)
Base Salary	420,000	417,882	407,962
Short-Term Incentive	.		
Paid in Cash	168,000	224,322	233,700
Deferred in RSUs	168,000	224,322	233,700
Employer Match	100,800	—	140,220
Long-Term Incentive			
Share-Based Awards	554,400	541,200	528,000
Option-Based Awards	0	170,939	0
Total Direct Compensation	1,411,200	1,578,665	1,543,582

Share Ownership Guidelines

Share Ownership Requirement (multiple of base salary)		3x
Ownership[1]	Shares (#)	2,568
	Vested Share Units (#)	26,323
	Unvested Share Units (#)	30,262
Total value of shares and share units [2]		$2,458,437
Share Ownership (multiple of base salary)		6x
Attainment		Yes

[1] Includes unvested RSUs as well as non-vested RPSUs, calculated on the basis of the minimal payment provided by the program
[2]Value as at October 31, 2018 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date ($41.56)

Susan Kudzman,

FSA, FICA, CERA

Executive Vice President,
Chief Risk Officer and
Corporate Affairs

Since November 1, 2015 and until June 30, 2018, Susan Kudzman was responsible for risk management, credit management, legal affairs, and corporate human resources. Drawing upon 30 years of experience, Susan Kudzman is an actuary and a specialist in the fields of risk management and human resources. She held the position of Chief Risk Officer at the Caisse de dépôt et placement du Québec as well a number of senior management positions at prominent organizations. She also serves on the Board of Directors of Transat A.T. Inc. and Yellow Pages Limited.

2018 Group Performance

Financial Performance Factor

	Score	Key Accomplishments
Financial Performance Factor (15%)	Below expectations	**2018 Results** The adjusted net income for incentive compensation purposes in 2018, as published in the Bank's 2018 Annual Report, was $241.6 million. Therefore, the Financial Performance Factor applicable for the short-term incentive plan was 76.3%.
Group Performance Factor	76.3%	

2018 Individual Performance Scorecard

The HRCGC evaluated Susan Kudzman's 2018 individual performance based on a pre-determined scorecard which is summarized as follow:

	Score	Key Accomplishments
Core Accountabilities (35%)	Meets expectations	- Ms. Kudzman managed all aspects of risk in line with the Bank's risk appetite, including stress testing and credit management, with a focus on enhancing the Bank's three lines of defence framework. - Her proactive supervision of the Bank's credit risk contributed to a low loan loss ratio notably through active management of impaired loans differentiating LBCFG from the rest of the industry. Ms. Kudzman was responsible for two great quarters in the credit sector.
Initiatives (40%)	Meets expectations	- Ms. Kudzman supervised the global efforts for the mortgage loan portfolio review which was fully resolved within the set timelime and without impact on clients. - She championed the strategic initiative to implement the AIRB approach to credit management and the team delivered on key milestones during the year. - Ms. Kudzman created and chaired the Compliance Initiatives Committee where regulatory and compliance matters were actively managed across the Group.
Leadership Skills (10%)	Meets expectations	- Ms. Kudzman's sound experience has been instrumental in strengthening the Group's overall approach to risk and credit management, legal affairs, and corporate human resources. - She has built a strong team who benefited from her deep expertise and global mindset, ensuring a disruption-free transition following her retirement.
Individual Performance Rating	Meets expectations	
Individual Performance Factor	100%	Combined factor: 76.3%

2018 Short-Term Incentive Payout

2018 Base salary	x	*2018 STI Target*	x	*Financial Performance Factor*	x	*Individual Performance Factor*	=	*STI Payout*
335,000		*65%*		*76.3%*		*100%*		*127,631*

2018 Compensation Highlights

Compensation Elements	2018 Target ($)	2018 Actual ($)	2017 Actual ($)
Base Salary	335,000	232,622	307,044
Short-Term Incentive	.		
Paid in Cash	108,875	63,815.5	166,540
Deferred in RSUs	108,875	63,815.5	166,540
Employer Match	65,325	—	99,924
Long-Term Incentive			
Share-Based Awards	442,200	409,200	396,000
Option-Based Awards	0	—	0
Total Direct Compensation	1,060,275	769,453	1,136,048

Ms. Kudzman announced her retirement for June 30, 2018 but had agreed to remain with the Bank until October 31, 2018 to ensure a seamless transition. Her 2018 compensation package was adapted accordingly.

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) Ms. Kudzman, who announced her retirement for June 30, 2018, had accepted to stay with the Bank until October 31, 2018 to ensure a seamless transition.

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	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
	2016	549,910	1,266,732	0	847,440	279,000	54,858	2,997,940
François Laurin Executive Vice President, Finance, Treasury, Capital Markets, and Chief Financial Officer	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
	2016	299,182	486,137	0	300,456	76,000	39,543	1,201,318
Deborah Rose Executive Vice President and Chief Operating Officer and Chief Information Officer	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
	2016	325,957	526,648	0	325,494	87,000	36,179	1,301,278
Stéphane Therrien Executive Vice President, Personal & Commercial Banking	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
	2016	400,489	675,917	0	493,056	111,000	41,893	1,722,355
Susan Kudzman Executive Vice President, Chief Risk Officer and Corporate Affairs Laurentian Bank	2018	232,622	409,200	0	127,631	100,000	39,550	909,003
	2017	307,044	482,141	0	287,138	99,000	48,787	1,224,110
	2016	299,182	486,137	0	300,456	82,000	36,954	1,204,729

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 contributes an additional amount equal to 30% of the annual STI award, which is also converted into RSUs. RSUs are part of executive compensation for 2018, 2017 and 2016, as the case may be, but were granted after the fiscal year-end.

- Retention and Performance Share Units (RPSUs) granted under the *Retention and Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the program, RPSUs 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 RPSUs 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 Purchase Plan using the Black-Scholes model to value stock option awards for compensation purposes. For fiscal 2018, 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 2018, 2017 and 2016, 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.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards

The following table sets forth the share-based awards (Note 1) outstanding for each Named Executive Officer at the end of the last fiscal year, October 31, 2018, including awards granted prior to the last completed fiscal year.

	Option Based Awards				Share Based Awards (Note 1)		
	Securities Underlying Unexercised Options (#)	Option Exercise Price ($) (Note 2)	Option Expiration Date	Value Of Unexercised In - the - Money Options ($) (Note 3)	Shares or Units of Shares not Vested (#)	Market Or Payout Value of Share-Based Awards not Vested ($) (Note 4)	Market Or Payout Value of Vested Share-Based Awards (Not Paid Out or Distributed) ($) (Note 4)
François Desjardins	53,279	38.97	2028-10-31	—	66,812	2,776,700	6,821,315
François Laurin	12,012	38.97	2028-10-31	—	19,193	797,644	702,934
Deborah Rose	27,898	38.97	2028-10-31	—	21,946	912,074	1,078,200
Stéphane Therrien	31,773	38.97	2028-10-31	—	26,549	1,103,362	788,935
Susan Kudzman	—	—	—	—	19,193	797,644	745,473

Note 1: RSU and RPSU awards including dividend equivalents.

Note 2: Volume-weighted average price of a Share on the TSX for the five Trading Days preceding the Date of Grant.

Note 3: Grants were approved on October 30, 2018. Since the Stock Options grants were made during a blackout period, the grants became effective after the publication of the Bank's annual results on December 5, 2018. Therefore, the value as at October 31, 2018 cannot be established.

Note 4: Value based on the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2018 ($41.56).

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	Share-Based Awards - Value Vested During the Year ($) (Note 1)	Non-Equity Incentive Plan Compensation - Value Earned During the Year ($) (Note 2)
François Desjardins	1,119,946	572,250
François Laurin	435,861	336,330
Deborah Rose	505,556	448,644
Stéphane Therrien	260,614	448,644
Susan Kudzman	351,348	127,631

Note 1: These amounts represent the aggregate value realized upon vesting of RSUs (Employer Share only) and RPSUs 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 RPSUs granted in December 2015 became vested. The value is based on a $40.88 share price.

Note 2: 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 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.

Defined Benefit Plans Table

The table below sets out the years of participation in the plans as at October 31, 2018 for each Named Executive Officer, annual benefits payable, and changes in the present value of defined benefit obligations from October 31, 2017 to October 31, 2018, including compensatory and non-compensatory changes concerning their participation in the plans for fiscal year 2018.

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	22.8	25.8	247,000	425,000	4,154,000	611,000	-363,000	4,402,000
François Laurin	3.2	3.2	20,000	61,000	232,000	130,000	-8,000	354,000
Deborah Rose	7.0	7.0	44,000	130,000	705,000	224,000	-41,000	888,000
Stéphane Therrien	6.8	6.8	51,000	131,000	784,000	129,000	-48,000	865,000
Susan Kuzdman	3.9	3.9	18,000	22,000	320,000	100,000	-93,000	327,000

Note 1: These amounts represent deferred payments accumulated as at October 31, 2018 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, 2017 or October 31, 2018, 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 3.54% and 3.94% for the fiscal years ending October 31, 2017 and October 31, 2018 respectively. Furthermore, a compensation increase rate of 2.75% was used for the fiscal years ending October 31, 2017 and 2018. The assumptions used are outlined in Note 18 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 retention & performance share units (RPSUs)	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 retention & performance share units (RPSUs)	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 30 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 retention & performance share units (RPSUs)	Vested share units are paid upon termination. Unvested share units are cancelled.
Stock Options	The vested stock options may be exercised up until 30 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 retention & performance share units (RPSUs)	Vested share units are paid upon termination. RSUs vest and are paid upon termination. Unvested RPSUs 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, 2018.

Name	Compensation Components	Termination without Cause ($)	Termination in the Year Following a Change of Control ($) (Note 3)
François Desjardins	Base salary	1,350,000	1,350,000
	Short-term incentive compensation	0	1,589,767
	RSU and RPSU (Note 1)	1,418,235	52,286
	Stock Options	0	286,641
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,210	121,121
	Total	2,771,445	3,399,816
François Laurin	Base salary	380,000	570,000
	Short-term incentive compensation	0	228,057
	RSU and RPSU (Note 1)	403,548	15,257
	Stock Options	0	64,625
	Pension plans (Note 2)	0	163,000
	Benefit plans and perquisites	4,590	82,500
	Total	788,138	1,123,439
Deborah Rose	Base salary	420,000	630,000
	Short-term incentive compensation	0	394,846
	RSU and RPSU (Note 1)	452,962	17,534
	Stock Options	0	150,091
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	4,590	86,500
	Total	877,553	1,278,971
Stéphane Therrien	Base salary	420,000	630,000
	Short-term incentive compensation	0	482,380
	RSU and RPSU (Note 1)	559,148	21,322
	Stock Options	0	170,939
	Pension plans (Note 2)	0	62,000
	Benefit plans and perquisites	3,210	84,396
	Total	982,359	1,451,037

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, 2018. 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

The priority assigned to good governance by the Bank's Board of Directors has enabled the Bank to evolve and prosper over the course of its lengthy history with utmost respect for all its stakeholders. It is in that spirit that the organization has established the Board Governance Policy, which serves as a framework for its actions and relations. On December 6, 2016, the Bank's Board of Directors adopted the Board Governance Policy with a clear objective in mind: provide shareholders and other stakeholders with a clear vision of its governance policies and practices. This section of the Circular provides highlights of our governance practices and Board Governance Policy. The Board Governance Policy can be found in the "Governance and Social Responsibility" section of the Bank's Website.

BOARD OF DIRECTORS

The Board of Directors has set to 9 the number of directors for the upcoming year.

The text describing the mandate of the Bank's Board of Directors can be found in Schedule D of this Circular, as detailed in the Board Governance Policy.

Independence of Board Members

Other than Mr. François Desjardins, President and Chief Executive Officer of the Bank, all members of the Board of Directors and proposed nominees for election as directors are independent within the meaning of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices,* the CSA Guidelines, the *Bank Act* regulations and the criteria adopted by the Board of Directors. The Chair of the Board, Ms. Isabelle Courville, is an independent director. Mr. Desjardins is a non-independent director by virtue of his functions at the Bank.

Through its HRCGC, the Board of Directors periodically analyzes its composition and, in so doing, determines whether each director is independent. It is the Board of Directors' practice to recruit independent directors, and to assess any proposed nominee's relationships with the Bank or its subsidiaries before proposing him/her as a new director.

The Board of Directors determines the independence of each director by collecting and assessing, amongst other, 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.

Independent directors meet without members of management being present at the end of all Board meetings, as indicated below.

Competencies and Expertise of Board Members

Members of the Board of Directors have a broad range of competencies and expertise which fulfill the Bank's needs. The chart below shows the diversity of such competencies and expertise.

	Lise Bastarache	Sonia Baxendale	Michael T. Boychuk	François Desjardins	A. Michel Lavigne	David Morris	Michael Mueller	Michelle R. Savoy	Susan Wolburgh Jenah	Total
Corporate Governance / Public Policy	√	√	√	√	√	√	√	√	√	9
Financial Expertise	√	√	√	√	√	√	√	√		8
Risk Management	√	√	√	√	√	√	√	√	√	9
Corporate Social Responsibility and Sustainability			√		√				√	3
Human Resources / Compensation	√	√	√	√	√		√	√	√	8
Technology / Real Estate / Project Management		√	√	√						3
Legal / Regulatory Affairs / Compliance			√		√	√			√	4
Financial and Banking Services	√	√	√	√	√	√	√	√	√	9
Financial Markets / Treasury	√		√			√	√	√	√	6

Selection of Director Nominees for the Board of Directors

Composed entirely of independent directors, part of the HRCGC's mandate is to propose candidates to sit on the Bank's Board of Directors.

In order to ensure optimal composition of the Board of Directors and to benefit from the complementarity of Board members, the HRCGC has established a comprehensive and diversified matrix of required skills and experience in accordance with which it evaluates each director. When filling a seat on the Board of Directors, the HRCGC determines the sought-after profile and applies certain selection criteria. Such criteria include, among others, 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.

Nomination by shareholders

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

Diversity

The Bank has played a leadership role among Canadian banks with respect to female representation on its Board. In fact, it was the first institution of its kind in Canada to name a woman as Chairperson in 1997. Subsequently, Ms. Isabelle Courville became the second woman to assume that role in 2013. Furthermore, Ms. Susan Wolburgh-Jenah is a Sponsor for the Catalyst Women on Board Program to advance gender diversity on corporate boards since August 2018. 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 Diversity Policy states that, in the context of nomination process, the HRCGC will consider the merit of potential candidates based on a balance of skills, abilities, personal qualities, and professional experience, including taking into account diversity considerations such as gender, race, age and regional and industry experience.

Furthermore, in reviewing the Board of Directors composition, and effectively discharging its duties and responsibilities, the HRCGC reviews annually the size and composition of the Board of Directors in view to identifying imbalances or gaps, as well as opportunities that be associated with further diversification. In identifying suitable candidates for appointment to the Board of Directors, the HRCGC will consider candidates on merit against objective criteria and with due regards for the benefits of diversity on the Board of Directors.

The Board Diversity Policy sets an objective that each gender comprises at least 30% of the Board's independent directors. Following the Meeting and assuming that all nominees are elected as contemplated in this Circular, 4 of the 9 proposed Board members (44%) will be women.

The Board Diversity Policy is included in the Board Governance Policy.

Orientation and Ongoing Training

The Board of Directors has a formal introduction process to help new Board members quickly understand their role and the Bank's strategic orientations 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.

All 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 2018, members of the Board of Directors received the following training sessions and presentations:

Board of Directors

- On November 1, 2017, all members of the Board of Directors received training on the Bank's risk appetite and management framework.
- On June 28, 2018, all members of the Board of Directors received training on digital banking, labour relations, cybersecurity and Anti Money laundering.

Furthermore, all directors who wish to improve their knowledge and skills so as to be able to better fulfill their responsibilities as Board members can do so at the Bank's expense via outside training.

Annual Evaluation

The Board of Directors puts a great deal of effort into annually assessing the Board's composition, including the competencies and performance of each director.

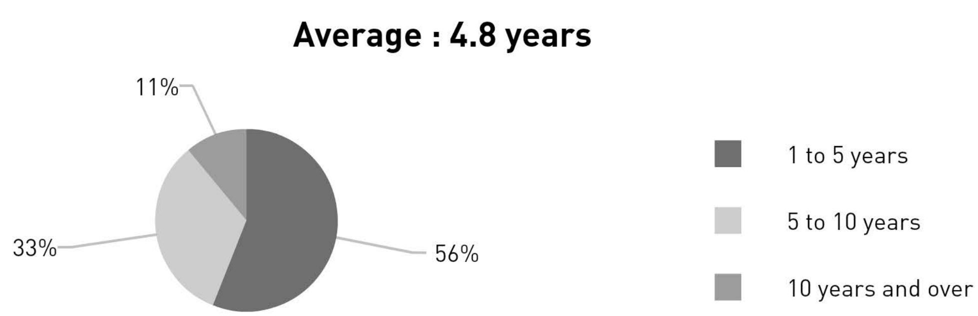
As such, the Board has a formal evaluation process whereby:

- Every year, each Board member is asked to evaluate his/her performance, the performance of his/her colleagues, 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 Board Chair reports to the HRCGC and to the entire Board with respect to the conclusions of the performance evaluation process and makes recommendations to the Board on Board composition and other potential improvements.

Duration of tenure

The Bank's Board of Directors adopted, through its Board Governance Policy, a tenure policy that provides guidelines with regards to the duration of mandates but does not formally prescribe the age of retirement. Instead, the Bank's Board of Directors prefers an approach based on skills and experience in relation to 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 of Directors may propose longer tenures in certain circumstances, including his/her 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 has an added value that benefits the Bank as well as its shareholders. The HRCGC ensures that each year the number of directors sitting on the Board and the duration of their mandates are appropriate. Ten new independent members have been appointed to the Board of Directors in the past 10 years, demonstrating that the Bank's preferred approach of identifying competencies and assessing the contribution of each director is both effective and successful.

The tenure of directors standing for election at the 2019 meeting can be summarized as follows:



As it has done over the past 10 years, the Bank will continue to ensure both an effective renewal of the Board in the future, as well ensure a renewal rate that is in line with its business strategy.

Directors Sitting on the Same Boards of Other Reporting Issuers

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 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.

Summary of Board Meetings Held

	Number of Regular Meetings Held	Number of Special Meetings Held	Number of Meetings held without the presence of Management
Board of Directors	10	1	11

The attendance record of each director at Board and Committee meetings held during the Bank's last completed fiscal year is presented in Part C - Director Nominees, except for Ms. Isabelle Courville and Mr. Michel Labonté who are not standing for re-election this year. During fiscal 2018, Ms. Isabelle Courville attended 11 out of 11 Board meetings and 7 out of 7 Committee meetings and Mr. Michel Labonté attended 11 out of 11 Board meetings and 13 out of 13 Committee meetings.

STRATEGY OVERSIGHT

The Board of Directors understands that oversight of the Bank's strategy is one of its main responsibilities, and ensures this oversight by having sessions dedicated fully to this topic so as to not be distracted by other matters.

At each Board meeting, an update on the Strategic Plan, its risks and its projects is made by Management.

RISK OVERSIGHT

The Bank's Board Mandate states that the Board is responsible for ensuring that appropriate policies and procedures are in place to identify and manage the risks applicable to the Bank. This responsibility is shared between the Board and each of its Committees. Through its three Committees, respectively, the Board of Directors oversees strategic risk management by approving risk management frameworks and policies and monitoring risk conduct at the Bank.

BOARD COMMITTEES

The Bank's Board of Directors has three committees - the HRCGC, 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).

The Board may create special committees in performing its duties,and delegate responsibilities to them if it deems appropriate. As such, a special committee of the Board was created from August to December 2018 to oversee the succession planning of the Chair of the Board, including the identification and selection of potential candidates for such position that will be subsequently presented to the Board.

According to 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.

The mandates of the three Board Committees can be found in the Board Governance Policy.

Summary of Committee Meetings Held

	Number of Regular Meetings Held	Number of Special Meetings Held	Number of Meetings held without the presence of Management
Audit Committee	6	1	7 (Note 1)
Risk Management Committee	5	1	6 (Note 2)
Human Resources and Corporate Governance Committee	7	—	7
Special Committee - Governance	—	4	4

Note 1: Members of the Committee also met privately with the external and internal auditors at five of these meetings, including all quarterly meetings .

Note 2: Members of the Committee also met privately with the representatives of the surveillance functions at all these meetings.

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			√
Michael T. Boychuk	Yes		Chair	√
Gordon Campbell*	Yes		√	
Isabelle Courville*	Yes	√		
François Desjardins	No			
Michel Labonté*	Yes	√		Chair
A. Michel Lavigne	Yes	Chair		
David Morris	Yes		√	
Michael Mueller	Yes			
Michelle R. Savoy	Yes	√		√
Susan Wolburgh Jenah	Yes			√

*Not standing for re-election.

Further information regarding the Audit Committee can be found in Section 12 of the Bank's Annual Information Form.

Committee Reports

The purpose of the reports presented below is to provide shareholders with a better understanding of the Board's three Committees' work 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	A. Michel Lavigne, Chair Isabelle Courville Michel Labonté Michelle R. Savoy
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 2018.

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. ➢ The Committee evaluated the performance of the President and Chief Executive Officer for the last fiscal year and recommended his compensation to 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, 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 approved the employee salary budget for the year 2018 as recommended by management. ➢ The Committee reviewed the 2018 incentive compensation programs. ➢ The Committee (and the Board of Directors) reviewed the talent management report and succession plan. ➢ The Committee monitored negotiations of the collective bargaining agreements. ➢ The Committee reviewed the compensation of Northpoint executives. ➢ The Committee reviewed and replaced the 2017-2019 Transformation PSUs with 2018-2020 PSUS to better align with the reset of the mid-term objectives of the Bank to 2020. ➢ The Committee reviewed and established a new executive compensation program and a new stock option plan to better align with those of the Bank's peers and the interest of its shareholders.
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 spearheaded the initiative on shareholder engagement and developed the program associated with it. ➢ 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 "Selection of Directors Nominees for the Board of Directors" in Part F- Corporate Governance of this Circular. ➢ 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 its new directors. ➢ The Committee recommended to the Board of Directors the nomination of a new member to its Board of Directors. ➢ The Committee kept itself informed on various subjects related to corporate governance. ➢ The Committee created a special committee of the Board to recruit a new Chair of the Board of the Directors.

A. Michel Lavigne, Chair

Report of the Audit Committee

Members as at the date of circular	Michael T. Boychuk, Chair Lise Bastarache Gordon Campbell David Morris
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 2018.

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. ➢ Ithe Committee reviewed and approved the 2018 Audit Plan as well as reviewed 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, such as: the auditor independence, objectivity and professional skepticism; the 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 this policy and 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. ➢ The Committee performed a comprehensive review of the external auditor in 2018. Such review must be completed every five years.
With Respect to Financial Information	➢ In accordance with its mandate and the Bank's Financial Information Disclosure Policy: ○ The Committee reviewed the Bank's annual financial statements and management discussion and analysis included in the Bank's Annual Report, as well as the financial statements of pension plan, before they were approved by the Board of Directors. ○ It also examined the Bank's interim financial statements and management discussion and analysis before they were submitted to the Board of Directors. ○ The Committee reviewed the Annual Information Form and all financings. ➢ The Committee reviewed and recommended for approval to the Board of Directors, earnings releases on quarterly and annual results. ➢ The Committee monitored the implementation of the new accounting standard - IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. ➢ 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. ➢ Jointly with the Risk Committee, the Committee supervised the 2018 audit with respect to the B2B Bank mortgage loans in the securitization conduit.
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 on a regular basis of its resources. It also examined the main findings, recommendations and follow-ups thereon, as well as ➢ 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 was involved in the recruitment process of a new Chief Internal Auditor. ➢ The Committee received the 2018 Annual Opinion from the Internal Audit and 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, 2018. ➢ The Committee received a letter of certification from management covering all of the Bank's operations for the fiscal year ended October 31, 2018 and for each of the quarters of fiscal 2018.
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. ➢ The Committee, along with the other members of the Board, met with representatives of the Office of the Superintendent of Financial Institutions (Canada) in the absence of management.

Michael T. Boychuk, Chair

Report of the Risk Management Committee	
Members as at the date of circular	Michel Labonté, Chair Michael T. Boychuk Sonia Baxendale Michelle R. Savoy 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 2018.

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 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 the Office of the Superintendent of Financial Institutions (Canada). ➢ 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 HRCGC, 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 also 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 received the Ombudsman's annual report. ➢ The Committee received updates on the issues related to mortgages. ➢ Jointly with the Audit Committee, the Committee supervised the 2018 audit with respect to the B2B Bank mortgage loans in the securitization conduit.
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 Office of the Superintendent of Financial Institutions (Canada).

Michel Labonté, Chair

POSITION DESCRIPTIONS

The Board of Directors has developed a written position description for the Chair of the Board and Committee Chairs, respectively, as well as for the President and Chief Executive Officer. The text of these position descriptions can be found in the Board Governance Policy.

CORPORATE ETHICS AND INTEGRITY

It is of prime importance to the Bank that its profitable development be attained, while respecting the principles of transparency, integrity and ethical conduct. In this regard, the Board of Directors works diligently to ensure that the Bank operates with the highest standards of integrity and in full compliance with all applicable laws and regulations.

The Bank has also adopted a set of values that serve as guidelines in making decisions aligned with the organization's culture. Integrity is central to all the Bank's actions and allows it to earn and maintain the confidence of its stakeholders. For their part, all Bank personnel must adhere to the Employee Code of Ethics and respect the Code of Confidentiality Governing the Protection of Personal Information.

The Board of Directors acts in accordance with the Directors' Code of Conduct, which incorporates by reference the Employee Code of Ethics, both of which are overseen by the HRCGC. In order to effectively manage any situation that could raise a conflict of interest, the Directors' Code of Conduct calls for Board members to refrain from participating in Board or Committee discussions that involve a conflict situation and from voting on any related questions.

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

COMPENSATION

The HRCGC is, among other things, responsible for establishing the compensation of the Bank's officers, as is more fully described in Part E - Executive Compensation.

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

SHAREHOLDER ENGAGEMENT AND COMMUNICATIONS

The Board of Directors and management of the Bank recognize the importance of maintaining strong and consistent engagement with its shareholders.

As such, to allow shareholders to provide timely and meaningful feedback, the Bank has developed practices for its investors to facilitate constructive engagement. For instance, shareholders can write to the Bank's Corporate Secretariat at the address provided at the back of this Circular, as well as communicate with the Chair of the Board of Directors as indicated in our Board Governance Policy. Over the past years, the Chair of the Board, together with the Chair of the HRCGC and the Chair of the Audit Committee, had a number of shareholder engagement meetings to gain feedback from shareholders on the corporate governance practices of the Bank and ways to improve them. A number of suggestions made by shareholders have already been addressed in this Circular.

Furthermore, the CEO and the Management team meet regularly with the financial analysts and/or institutional investors. Investors relations staff are available to shareholders by telephone, email or mail. Additionally, quarterly earnings calls with analysts are broadcast live and, for a period of one month after each call, are archived on the Bank's Website.

The Board continues to proactively consider and adapt, as is suitable for the Bank, emerging practices of Board engagement with shareholders.

ADDITIONAL INFORMATION

Further information on the Bank's corporate governance practices can be found in the "Corporate Governance" section of the Bank's 2018 Annual Report.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate social responsibility and sustainability are at the very heart of the Bank's business practices. The priority assigned to good governance by the Board of Directors has enabled the Bank to evolve and prosper over the course of its 172 years of existence with utmost respect for all its stakeholders.

Director Expertise

Several members of the Board of Directors 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 and sustainability.

For example, Ms. Isabelle Courville has held diverse positions at organizations concerned with these subjects. She is a member of Canadian Pacific Limited's Board and was President of Hydro-Québec Distribution and Hydro-Québec TransÉnergie. Ms. Courville also participates in the community through her involvement with different foundations, such as the Montreal Heart Institute and Sainte-Justine Hospital.

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.

Mr. Gordon Campbell was Premier of the Province of British Columbia for close to 10 years and has played an important role in its economic and social development. His government brought in major reforms to stimulate the economy, improve the education system, lead the way in healthy living and physical fitness and build a better support system for persons with disabilities, special needs, children at risk and seniors. During his tenure, British Columbia became a leader in sustainable environmental management. He also served as a public servant for most of his career, including as mayor of Vancouver from 1986 to 1993, and Canada's High Commissioner to the United Kingdom and Northern Ireland from September 2011 to September 2016.

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 of this Circular, and the matrix of competencies and expertise of Board Members in Part F - Board Corporate Governance.

Employee Diversity

The Bank has a Diversity Committee whose mandate is to create an environment that promotes diversity and inclusion. These Committee members work to continuously evolve the Bank's diversity management practices. The Bank is committed to attracting talented woman and men and, in its recruiting and staffing efforts, the Bank promotes a work environment that values diversity of gender, backgrounds, experiences and perspectives in order to foster diversity of thought and build diverse teams.

Among the Bank's and its subsidiaries 59 Executives, 20 (or 34%) are women. The Bank has not established a specific target with respect to the number of women that should be on its Executive team because it has always maintained good practices in this area. When the time comes to select a candidate for a new position or as a replacement, the Bank takes the benefit of diversity into account as part of its selection criteria.

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.

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, 2019.

Purpose	To the Bank or its Subsidiaries
Other	$269,620,235

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 ($)	Amount Outstanding as at January 31, 2019 ($)
François Desjardins President and Chief Executive Officer	B2B Bank and Laurentian Bank Securities (lenders)	275,000 (Note 1)	247,500
Deborah Rose Executive Vice-President, Chief Operating Officer and Chief Information Officer, Laurentian Bank	Bank (lender)	480,000 (Note 2)	454,265

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

Note 2: Mortgage loan on principal residence at an interest rate of 1.39%

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 shareholders' rights and facilitate deliberations at the meeting. Schedule C 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 10, 2018 was sent to shareholders together with this Circular. The minutes are also available on the Bank's Website.

REMOTE VIEWING OF THE ANNUAL MEETING

The video of the 2019 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.

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.

Emmanuela Fleurandin
Senior Legal Counsel and Assistant Secretary

Montreal, Quebec, February 26, 2019

SCHEDULE A

SHAREHOLDERS' PROPOSALS

The Bank received four 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.

PROPOSAL 1 - Integration of Environmental, Social, and Governance Factors in Senior Executive Compensation Practices

It is proposed that the Compensation Committee include, in its annual activity report, a report about the extent to which environmental, social, and governance (ESG) factors are integrated into senior executive performance assessment and incentive compensation practices.

Arguments

It should be noted from the outset that the 2012 principles published in United Nations' Principles for Responsible Investment (UNPRI) and United Nations Global Compact stipulate that ESG factors can play an important role in protecting and creating value for shareholders.

These principles can be expressed as: the feminization rate of decision-making bodies; the integration rate of people from various socio-cultural communities; the initiatives to reduce paper, energy, and water consumption; the actions to ensure sustainable employability of various personnel with regard to task automation; the various programs to promote the health and well-being of employees, etc.

In this respect, it should be noted that companies with specific ESG principles generally have a better reputation with customers, are more agile when faced with changes, manage risks better, innovate more, and are therefore better equipped to create long-term value for shareholders and stakeholders.

There is no doubt that the integration of financial guidelines into senior executive performance assessment and incentive compensation practices plays a crucial role in achieving the objectives related thereto. The same approach should be followed for ESG objectives.

The Bank's Recommendation

The Bank takes the environmental, social and governance (**ESG**) matters and related best practices very seriously and the commitment to ESG engagement is shared and advanced at all levels of the Bank's corporate structure. While the Bank is of the view that it is difficult to use the promotion of ESG issues as a quantifiable evaluation criterion in assessing the performance of its executives, ESG factors, through our broader corporate social responsibility efforts, are already indirectly embedded in the executive compensation structure, since these influence our governance and compliance practices and support the Bank's profitability and development.

Moreover, the Bank is of the view that, as a long-term commitment of major importance, the promotion of ESG initiatives should not be reduced to a mere metric used over a relatively short period of an executive's mandate. We are of the view that Bank-wide efforts with respect to advancing ESG topics and encouraging the implementation of best practices lead to more tangible and sustainable results. This has been continuously demonstrated by our multiple initiatives in these fields. These include the following efforts:

- **Focus on employee engagement and empowerment:** Our Performance Driven program allows most employees the opportunity to participate in setting their objectives, goals and development needs and our Global Recognition Program recognizes individual and team performance, years of service, recognition by management and by peers and contributions to initiatives.

- **Our concern for the environment is reflected in responsible business practices:** Our two major sites in Montreal and Toronto are LEED-certified spaces, environmental risks are evaluated by our credit management and risk management teams at an asset level, we are participating in the green bond market to help finance eco-friendly projects, etc.

- **Contributing to the communities we serve:** Over the past fiscal year, a total amount of nearly $1.2M was given in donations and sponsorships, including $80,000 in donations from our generous employees.

- **Reviewing and enhancing our governance policies and practices:** We ensure high standards are in place in areas such as privacy, data integrity and security, cybersecurity, and business continuity management; we have placed an emphasis on all matters of compliance; and we are adhering to a strict Code of Ethics.

Consequently, we believe that the disclosures made and actions taken by the Bank are aligned with the spirit of the proposal and that our current executives' compensation structure takes ESG factors into account, to the extent appropriate. For more information on our social responsibility initiatives, we invite you to consult the Governance and Social Responsibility section of our website at lbcfg.ca.

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 - Climate Changes and Measures Supporting the Transition to a Low-Carbon Economy

It is proposed that the Board of Directors disclose the available information required by the Task Force on Climate-related Financial Disclosures (TCFD) with respect to governance, strategy, risk management, and other metrics and objectives, in its next annual report.

Arguments

Last year, we filed a similar proposal that was not submitted to shareholders because of the Bank's commitment to consider the recommendations of the TCFD in its climate-related disclosures. After reading the different responses provided by institutions, we believe it would be desirable to make this information available in either the Bank's Web site or social responsibility report.

This information is key for shareholders' investment decisions, in particular millennials. Data collected by the Responsible Investment Association (RIA) indicates that for investment decisions, millennials are more sensitive to ESG factors than baby boomers. In order to provide investors with good information about bank shares, it would be important to concentrate all of this information in a highly visible document readily available to the general public. We are therefore proposing that the annual report be the main reference document for the totality of the information recommended by the TCFD.

The Bank's Recommendation

In accordance with its commitment to take into consideration the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**), the Bank has been following the evolution of the TCFD project over the past few years and will continue to do so in order to potentially become an official supporter of the initiative and to implement the recommended disclosure practices. While the Bank recognizes the quality of the general framework for climate-related financial disclosures put forth by the TCFD project, it has been acknowledged in the TCFD's first status report of September 2018 that climate-related disclosures are still in early stages and further work is needed for disclosures to contain more decision-useful climate-related information.

The Bank is of the view that not only is it useful to see how companies translate the recommendations into practice, but the TCFD may also further refine and provide details on its recommendations in order to provide useful and practical guidance for companies wishing to undertake a comprehensive review of their climate-related analyses in order to align these with the TCFD project.

In the meantime, the Bank continues to focus its efforts on reducing its environmental footprint by pursuing concrete decarbonisation initiatives. Further details on our continuous environment-related efforts can be found in our social responsibility reports published annually and available on our website.

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

PROPOSAL 3 - Compensation Ratio Disclosure

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

Arguments

Since its creation, MÉDAC is presenting propositions aimed at giving shareholders the assurance that the compensation of the Bank's Chief Executive Officer is reasonable, socially acceptable and based on the value he or she creates. The equity or compensation 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. Our requests, and the possibility of mandatory disclosure of that ratio in the United States, led the six major Canadian banks to ask Meridian, a compensation firm, to examine their compensation-setting practices, which include peer compensation comparisons of different companies. While the conclusion of the examination supported the continued use of the horizontal comparison method, Meridian noted that the equity ratio (a vertical comparison method) could help form an even more reasoned judgment on the appropriateness of senior executive compensation.

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. Like the information available to judge whether the compensation of the CEO and his or her key associates is aligned with our financial interests, the equity ratio information would enable shareholders to see if the compensation of employees, who also contribute to organization performance, is evolving the same way. It would also allow them to see if the compensation of the executive team is socially acceptable and has no negative impact on reputation.

The Bank's Recommendation

The Bank considers different factors when analyzing senior executive compensation. These include the responsibility levels assigned to each position, the description of tasks, and market compensation, according to performance, demonstrated skills and individual contributions. When performing such analysis, the Bank adjusts market data by size relative to peers, and takes a comprehensive approach centered on the understanding and the interpretation of data beyond a single ratio. We are of the opinion that appropriate factors are considered and disclosed as part of our compensation determination process. We also believe that our approach to executive compensation is balanced and consistent with the spirit of the proposal, as it allows the Bank to factor in the internal relativity between the various job levels. Furthermore, shareholders are given an opportunity to express their concerns in an annual non-binding "say-on-pay" vote and through our shareholder engagement initiatives.

We also note that the American experience of requiring the disclosure of the pay equity ratio has unveiled inherent difficulties underlying this practice. For instance, multiple bulletins and interpretation notices had to be published by the Securities and Exchange Commission (**SEC**) of the United States in order to elucidate the uneasy calculation method to be used for the determination of the ratio, and the comparability of data so obtained remains uncertain given the variety of factors and necessary adjustments that may be considered in determining the ratio. The pay ratio is heavily influenced by the particulars of each company, being tied to the company size, industry, location of workforce and complexity of its activities and structures, and as such cannot be easily interpreted or compared without proper context. Accordingly, the Bank reiterates its view that disclosing the equity ratio would not be of particular use for shareholders as this figure could be easily misinterpreted or misused and may cause unwarranted negative consequences.

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

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

Arguments

In recent years, the financial industry evolved a lot. In a recent report entitled Canadian Banks 2017 https://www.pwc.com/ca/en/industries/banking-capital-markets/canadian-banks-2017.html, PWC writes: "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."

According to a PWC survey, 84% of banking and capital markets CEOs globally believe that technology will completely reshape or have a significant impact on competition in their industry over the next five years.

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 Recommendation

The Bank agrees that the financial sector is undergoing major changes in connection with the impacts of recent technological advancements on the traditional banking model. As a result, consumers have increased expectations regarding the digitization of financial services. In order to be at the forefront of technological innovation in the banking sector, the Bank has begun to implement, as part of its Strategic Plan, a core banking system which will enable it to launch a fully digital banking experience for its customers. This process has been overseen by the Board of Directors and is regularly discussed in their meetings. As well the Management' Information Technology Committee is actively involved in managing and leading the strategic initiative. 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. Furthermore, one of the mandates of the Board's Risk Committee is to ensure that Management identifies the Bank's principal risks and implements systems to measure and adequately manage them, and provides for the integrity and effectiveness of such systems. The Risk Committee also monitors the Bank's technological developments, and consequently, the Bank believes that the Board's Risk Committee is already responding to the technological stakes referred to in this proposal.

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

SCHEDULE B

Laurentian Bank Financial Group

Stock Option Purchase Plan

Laurentian Bank Financial Group hereby establishes a Stock Option Plan for certain employees holding positions that can have a significant impact on the Bank's long-term results.

SECTION 1- DEFINITIONS

1.1 **Definitions.**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

1.1.1 "**Affiliates**" has the meaning given to the expression "affiliated entity" in the *Bank Act* (Canada), as such legislation may be amended, supplemented or replaced from time to time.

1.1.2 "**Alternative Award**" has the meaning ascribed thereto in Section 11.2 hereof.

1.1.3 "**Black-Out Period**" means a period during which designated employees of the Bank cannot trade Shares pursuant to the Bank's policy respecting restrictions on employee trading which is in effect at that time;

1.1.4 "**Bank**" means Laurentian Bank of Canada, a bank incorporated and existing under the *Bank Act* (Canada), as amended;

1.1.5 "**Board**" has the meaning ascribed thereto in Section 3.1 hereof;

1.1.6 "**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in the City of Montreal, in the Province of Québec, for the transaction of banking business;

1.1.7 "**Change in Control**" means, for the purposes of this Plan, an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Bank's then outstanding voting securities entitled to vote generally in the election of directors; (ii) any Person acquires, directly or indirectly, securities of the Bank to which is attached the right to elect the majority of the directors of the Bank; (iii) the Bank undergoes a liquidation or dissolution or sells all or substantially all of its assets; (iv) the nominees named in the most recent Management Information Circular of the Bank for election to the Board no longer constitute a majority of the Board as a result of or in connection with: (A) a contested election of directors or (B) a merger, consolidation, reorganization or acquisition involving the Bank or any of its affiliated entities and another corporation or other entity; or (v) a merger or consolidation of the Bank is consummated with any other Person, other than (A) a merger or consolidation that would result in the voting securities entitled to vote generally in the election of directors outstanding immediately prior thereto continuing to represent, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Bank, at least fifty percent (50%) of the combined voting power of the voting securities entitled to vote generally in the election of directors of the Bank or such surviving entity or parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Bank in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of the Bank representing fifty percent (50%) or more of the combined voting power of the Bank's then outstanding securities. For greater certainty, unless the Board decides otherwise, the consummation of any transaction or series of transactions immediately following which the record holders of the Shares immediately before such transaction or series of transactions continue, directly or indirectly, to have substantially the same proportionate ownership in any entity which owns all or substantially all of the assets of the Bank immediately following such transaction or series of transactions, shall not constitute a Change in Control.

1.1.8 "**Committee**" has the meaning ascribed thereto in Section 3.1 hereof;

1.1.9 "**Date of Grant**" means the date on which an Option is granted under this Plan, which date may be on or, if so determined by the Board at the time of grant, after the date that the Board resolves to grant the Option, provided that if the date on which the Board resolves to grant an Option falls within a Black-Out Period or within five Trading Days following the end of a Blackout Period, the Date of Grant shall be presumed to be the sixth Trading Day following the end of such Black-Out Period;

1.1.10 "**Eligible Participants**" has the meaning ascribed thereto in Section 4.1 hereof;

1.1.11 "**Insider**" has the meaning given to this term in the *TSX Company Manual*, as amended, supplemented or replaced from time to time;

1.1.12 "**Options**" means a right awarded to a Participant to purchase Shares, as provided in Section 6 hereof and subject to the terms and conditions of this Plan;

1.1.13 "**Option Letter**" means a written letter provided by the Bank to a Participant evidencing the grant of Options and the terms and conditions thereof;

1.1.14 "**Option Price**" has the meaning ascribed thereto in Section 6.2 hereof;

1.1.15 "**Option Term**" has the meaning ascribed thereto in Section 6.3 hereof;

1.1.16 "**Participants**" means Eligible Participants that are granted Options under the Plan;

1.1.17 **"Performance Criteria"** means criteria established by the Board or the Committee which, without limitation, may include criteria based on the Participant's personal performance and/or the financial performance of the Bank and its Affiliates, and that, where applicable, are to be used to determine the vesting of the Options;

1.1.18 "**Person**" means an individual, bank, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a person shall have a similarly extended meaning;

1.1.19 "**Plan**" means this Stock Option Plan, including any amendments or supplements hereto made after the date hereof;

1.1.20 "**Resignation for Good Reason**" means, in the context of a Change in Control, the resignation of a Participant following the occurrence of any of the following condition(s), without the prior written consent of the Participant, which condition(s) remain in effect more than thirty (30) days after written notification by the Participant to the Bank (such notification to be made within a period not to exceed ninety (90) days from the initial existence of the condition): (i) the requirement that the Participant relocate his or her office or home base to a location that is outside a 50-kilometer radius of his or her office or home base immediately prior to the Change in Control; or (ii) the assignment to the Participant of a set of responsibilities and/or the employment or continued employment of the Participant on terms and conditions that are not the Substantial Equivalent of such Participant's set of responsibilities and/or terms and conditions of employment in effect immediately prior to the Change in Control.

1.1.21 "**Retirement**" means a cessation of employment by a Participant who is eligible for retirement. For the purposes of this Plan, a Participant is eligible for retirement if he or she is at least 53 years of age and the sum of his or her age and the number of his or her years of service with the Bank amount to 63 or higher, or when a Participant is otherwise considered by the Committee or the Board as being eligible for retirement.

1.1.22 "**Share Compensation Arrangement**" means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares from treasury to one or more full-time employees, officers, insiders, service providers or consultants of the Bank or a Subsidiary including a share purchase from treasury by a full-time employee, officer, insider, service provider or consultant which is financially assisted by the Bank or a Subsidiary by way of a loan, guarantee or otherwise;

1.1.23 "**Shares**" means the common shares in the share capital of the Bank;

1.1.24 "**Subsidiary**" means a corporation, company or partnership that is controlled, directly or indirectly, by the Bank;

1.1.25 "**Substantial Equivalent**" means, with respect to a Participant:

(i) a set of responsibilities that are

(A) commensurate with such Participant's professional training and experience; and

(B) in all material respects, equivalent to or better than the set of responsibilities of such Participant; and

(ii) terms and conditions of employment that include an annual base salary rate, annual cash incentive compensation opportunities and additional compensation and benefits that are overall substantially equivalent to or better than the terms and conditions of employment of such Participant.

1.1.26 "**Successor Organization**" has the meaning ascribed thereto in Section 9.3 hereof;

1.1.27 "**Termination Date**" means (i) in the event of a Participant's voluntary termination, the date on which such Participant ceases to be an employee of the Bank or a Subsidiary; (ii) in the event of the termination of the Participant's employment by the Bank or a Subsidiary, the date on which such Participant is informed by the Bank or the Subsidiary, as the case may be, in writing or verbally, that his/her services are no longer required; or (iii) such later date as may be directed by the Bank;

1.1.28 "**Trading Day**" means a Business Day on which a sale of Shares occurred on the TSX; and

1.1.29 "**TSX**" means the Toronto Stock Exchange.

SECTION 2 - PURPOSE OF THE PLAN

2.1 The purpose of the Plan is to permit the Bank to grant Options to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

2.1.1 to increase the interest in the Bank's welfare of those Eligible Participants who share responsibility for the management, growth and protection of the business of the Bank or a Subsidiary;

2.1.2 to furnish an incentive to such Eligible Participants to continue their services for the Bank or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Bank or a Subsidiary are necessary or essential to its success, image, reputation or activities;

2.1.3 to provide a means through which the Bank or a Subsidiary may attract and retain able persons to enter its employment; and

2.1.4 such other purposes as may be determined by the Board, from time to time.

SECTION 3 - IMPLEMENTATION AND ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered and interpreted by the board of directors of the Bank (the "**Board**") or, if the Board by resolution so decides, by a committee appointed by the Board (the "**Committee**"). The Board or the Committee, as the case may be, may delegate such administrative duties and powers with respect to the Plan as it may see fit to the Chair of the Human Resources and Corporate Governance Committee and/or senior officers of the Bank.

3.2 The Board or the Committee, as the case may be, may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations for carrying out the provisions and purposes of the Plan. Subject to the provisions of the Plan, the Board or the Committee, as the case may be, is authorised, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or the Committee, as the case may be, shall be final and binding on all Eligible Participants.

3.3 No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted hereunder.

3.4 Any determination approved by a majority of the Board or of the Committee, as the case may be, shall be deemed to be a determination of that matter by the Board or the Committee, as the case may be.

SECTION 4 - ELIGIBLE PARTICIPANTS

4.1 The individuals who shall be eligible to receive Options ("**Eligible Participants**") shall be the officers, senior executives and other employees of the Bank or a Subsidiary as the Board or the Committee, as the case may be, shall, from time to time, determine are in key positions in the Bank or a Subsidiary. For greater certainty, non-employee directors of the Bank shall not be Eligible Participants. In determining Options to be granted under the Plan, the Board or the Committee, as the case may be, shall give due consideration to the value of each Eligible Participant's present and potential future contribution to the Bank's success.

SECTION 5 - QUANTITATIVE LIMITATIONS ON GRANTS

5.1 The aggregate number of Shares that may be issued under the Plan shall not exceed the number provided for in Section 8 hereof.

5.2 The aggregate number of Shares reserved for issuance at any time to any one Eligible Participant under the Plan shall not exceed five percent (5%) of the issued and outstanding Shares at such time.

5.3 The aggregate number of Shares issued to any one Insider under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period, shall not exceed five percent (5%) of the issued and outstanding Shares.

5.4 The aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the issued and outstanding Shares.

5.5 Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the Bank shall determine that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Bank to apply for or to obtain such listing, registration, qualification, consent or approval.

SECTION 6 - OPTIONS

6.1 **Option Awards**.

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board or the Committee, as the case may be, shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the Date of Grant of such Options, and (iii) determine the Option Price and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan and in any Option Letter.

6.2 **Option Price**.

The option price (the "**Option Price**") for Shares that are the subject of any Option shall be the price per Share to be payable upon the exercise of each such Option, to be fixed by the Board or the Committee, as the case may be, when such Option is granted. The Option Price shall not be less than the market value of such Share on the Date of Grant.

For purposes of this Section 6, "market value" of a Share shall be the volume-weighted average price of a Share on the TSX for the five Trading Days preceding the Date of Grant. The price so determined shall be rounded up to the next highest cent.

6.3 **Option Term**.

The Board or the Committee, as the case may be, shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten (10) years from the Date of Grant ("**Option Term**"). Unless otherwise determined by the Board or the Committee, all unexercised Options shall be cancelled at the expiry of such Options.

Should the expiration date for an Option fall within a Black-Out Period or within nine Trading Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Trading Day after the end of the Black-Out Period, such tenth Trading Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 10 hereof, the ten Trading Day period referred to in this Section 6.3 may not be extended by the Board.

6.4 **Exercise of Options**.

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times as the Board or the Committee, as the case may be, at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant on a day that is not a Trading Day or during a Black-Out Period

6.5 **Method of Exercise and Payment of Purchase Price**.

Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 6.4 hereof) by the Participant (or such Participant's personal representatives or legatees) giving notice in writing to the Bank at its registered office to the attention of the secretary of the Bank or the individual that the secretary of the Bank may from time to time designate or give notice in such other manner as the Bank may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, whether by cash, cheque, bank draft or wire transfer, of the purchase price for the number of Shares specified therein or instructions to sell, at the prevailing market price of the Shares on the TSX at the time of any such sale, the necessary number of Shares issuable upon the exercise of such Option to effect payment of the applicable purchase price with the resulting proceeds. In all cases, the underlying Shares related to such Options shall be fully deducted from the reserve for the purposes of the quantitative limitations set out in Section 8 hereof.

6.6 **Share Option Letters**.

Options shall be evidenced by an Option Letter in such form not inconsistent with the Plan as the Board or the Committee, as the case may be, may from time to time determine.

6.7 **Use of an Administrative Agent and Trustee.**

The Board or the Committee, as the case may be, may in their sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Options granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Options granted under the Plan, the whole in accordance with the terms and conditions determined by the Board or the Committee, as the case may be, in their sole discretion. The Bank and the administrative agent will maintain records showing the number of Options granted to each Participant under the Plan.

SECTION 7 - GENERAL CONDITIONS

Each Option to be granted or granted to a Participant shall be subject to the following conditions and any other covenants which may bind the Participant, from time to time:

7.1 **Employment** - The granting of an Option to a Participant shall not impose upon the Bank or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Options to a Participant shall not impose any obligation on the Bank to grant any awards in the future nor shall it entitle the Participant to receive future grants.

7.2 **Non-assignability of Option Rights** - Each Option granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Option granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

7.3 **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholders in respect of any Shares covered by such Participant's Options until the date of issuance of a share certificate or other proof of ownership to such Participant or such Participant's personal representatives or legatees for such Shares. Without in any way limiting the generality of the foregoing and the provisions of Section 9 hereof, no adjustment shall be made for ordinary course cash dividends or other rights for which the record date is prior to the date such share certificate is issued or such proof of ownership delivered.

7.4 **Conformity to Plan** - In the event that an Option is granted or an Option Letter is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Options on terms different from those set out in the Plan, the Option or the grant of such Option shall not be in any way void or invalidated, but the Option so granted will be adjusted to become, in all respects, in conformity with the Plan.

7.5 **Effect of Termination or Cessation of Employment or Death**

7.5.1 Upon a Participant's employment with the Bank or a Subsidiary being terminated voluntarily by such Participant (other than a Resignation for Good Reason following a Change in Control), any Option or the unexercised portion thereof granted to such Participant may be exercised by such Participant only for that number of Shares which such Participant was entitled to acquire under the Option pursuant to Section 6.4 hereof on such Participant's Termination Date. Such Option shall only be exercisable within ninety (90) days after the Participant's Termination Date or prior to the expiration of the original term of the Option, whichever occurs earlier. Any Option which, at the time of termination of employment, may not be exercised by the Participant pursuant to Section 6.4 hereof, shall be forfeited and cancelled.

7.5.2 Upon a Participant's employment with the Bank or a Subsidiary being terminated "for cause", the Participant's participation in the Plan shall be terminated and any Option or the unexercised portion thereof granted to such Participant shall be forfeited and cancelled on such Participant's Termination Date. For the purposes of the Plan, the determination by the Bank that the Participant was discharged for cause shall be binding on the Participant. Cause shall include, among other things, gross misconduct, theft, fraud or breach of confidentiality.

7.5.3 Subject to Section 11.1, upon a Participant's employment with the Bank or a Subsidiary being terminated by the Bank or a Subsidiary for reasons other than for "cause", any Option or the unexercised portion thereof granted to such Participant may be exercised by such Participant only for that number of Shares which such Participant was entitled to acquire under the Option pursuant to Section 6.4 hereof on such Participant's Termination Date. Such Option shall only be exercisable within ninety (90) days after the Participant's Termination Date or prior to the expiration of the original term of the Option, whichever occurs earlier. Any Option which, at the time of termination of employment, may not be exercised by the Participant pursuant to Section 6.4 hereof, shall be forfeited and cancelled.

7.5.4 Upon the death of a Participant, any Option or unexercised part thereof granted to such Participant may be exercised by the legal representatives of the Participant's estate only for that number of Shares which such Participant was entitled to acquire under the Option pursuant to Sections 6.4 hereof at the time of such Participant's death. Such Option shall only be exercisable within one year after the Participant's death or prior to the expiration of the original term of the Option, whichever occurs earlier. Any Option which, at the time of the Participant's death, may not be exercised by the Participant pursuant to Section 6.4 hereof, shall be forfeited and cancelled.

7.5.5 Subject to Sections 7.5.1 to 7.5.4 hereof, upon the Retirement of a Participant, any Option or unexercised part thereof granted to such Participant may be exercised by such Participant or his/her representative within five (5) years after the Participant's Retirement or prior to the expiration of the original term of the Option, whichever occurs earlier. The Participant shall also be allowed to exercise Options for which the rights to exercise accrue during such period. However, any unexercised vested Options shall be forfeited and the Participant's unvested Options shall expire immediately, if:

(a) during the Participant's employment with the Bank or at any time within a two (2) year period following the Retirement, the Participant:

(i) engages in any activity that directly or indirectly competes with any business carried on by the Bank;

(ii) directly or indirectly works or acts as an officer, employer, director, owner, shareholder, consultant, advisor, or in any other capacity whatsoever for or on behalf of a competing financial institution in Canada;

(iii) conducts business with, solicits or otherwise attempts to directly or indirectly incite a client of the Bank with whom he or she conducted business during the course of the twelve (12) months preceding the cessation of his or her employment at the Bank for the purpose of offering, selling or providing such client with products and services competitive to those of the Bank; or

(iv) engages in any other activity which is prejudicial to the interests of the Bank;

without the prior written consent of the Bank, which will not be unreasonably withheld; or

(b) during the Participant's employment with the Bank or at any time thereafter, the Participant discloses any confidential information, records, intellectual property or other private affairs of the Bank to any person, without the prior written consent of the Bank.

7.5.6 Subject to Sections 7.5.1 to 7.5.4 hereof, upon a Participant's employment with the Bank or a Subsidiary being terminated by reason of injury or disability, any Option or unexercised part thereof granted to such Participant may be exercised by such Participant or his or her representative as the rights to exercise accrue.

SECTION 8 - SHARES SUBJECT TO THE PLAN

8.1 As at December 4, 2018, the maximum number of Shares reserved and available under the Plan for grants of Options is limited to [1,666,000], subject to adjustment pursuant to provisions of Section 9 hereof.

8.2 Shares in respect of which an Option is granted under the Plan but not exercised prior to the termination of such Option due to the expiration, termination or lapse of such Option or otherwise, shall be available for Options to be granted pursuant to the provisions of the Plan. All Shares issued pursuant to the exercise of the Options shall be so issued as fully paid and non-assessable Shares.

SECTION 9 - ADJUSTMENT TO SHARES SUBJECT TO OUTSTANDING OPTIONS

9.1 In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Option to a Participant and prior to the expiration of the term of such Option, the Bank shall deliver or cause to be delivered to such Participant, at the time of any subsequent exercise of such Option in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise of such Option, but for the same aggregate consideration payable therefor in the case of Options, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise of such Option.

9.2 In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Option to any Participant and prior to the expiration of the term of such Option, the Bank shall deliver or cause to be delivered to such Participant, at the time of any subsequent exercise of such Option in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise of such Option, but for the same aggregate consideration payable therefor in the case of Options, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise of such Option.

9.3 If at any time after the grant of an Option to any Participant and prior to the expiration of the term of such Option, the Shares shall be reclassified, reorganised or otherwise changed, otherwise than as specified in Section 9.1 or Section 9.2 hereof or, subject to the provisions of Section 11.2 hereof, the Bank shall consolidate, merge or amalgamate with or into another non-individual Person (the Person resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Organization**"), the Participant shall be entitled to receive upon the subsequent exercise of such Option, in accordance with the terms hereof and shall accept in lieu of the number of Shares then subscribed for but for the same aggregate consideration payable therefor in the case of Options, the aggregate number of shares of the appropriate class or other securities of the Bank or the Successor Organization (as the case may be) or other consideration from the Bank or the Successor Organization (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 11.2 hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Shares to which such Participant was immediately theretofore entitled upon such exercise of such Option.

9.4 If, at any time after the grant of an Option to any Participant and prior to the expiration of the term of such Option, the Bank shall make a distribution to all holders of Shares of shares or other securities in the capital of the Bank, or cash, evidences of indebtedness or other assets of the Bank (excluding an ordinary course dividend in cash, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Bank or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit), or should the Bank effect any transaction or change having a similar effect, then the Option Price or the number of Shares to which the Participant is entitled upon exercise of Options shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Options in connection with such distribution, transaction or change.

SECTION 10 - AMENDMENT OR DISCONTINUANCE OF THE PLAN

10.1 The Board may amend the Plan or any Option at any time without the consent of the Participants provided that such amendment shall:

10.1.1 not adversely alter or impair any Option previously granted except as permitted by the provisions of Section 9 hereof;

10.1.2 with respect to an amendment to the Plan, be subject to the approval of the TSX and, where required, any other regulatory approval; and

10.1.3 be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:

10.1.3.1 amendments of a "housekeeping" nature;

10.1.3.2 a change to the vesting provisions of any Option;

10.1.3.3 a change to the termination provisions of an Option, which does not entail an extension beyond the original expiry date, except as provided in Section 6.3 hereof; and

10.1.3.4 any change described in Section 9 hereof.

10.2 Notwithstanding Section 10.1.3, the Board shall be required to obtain shareholder approval, along with the approval of the TSX and, where required, any other regulatory approval, to make the following amendments:

10.2.1 any change to the maximum number of Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Shares or a change from a fixed maximum number of Shares to a fixed maximum percentage, other than an adjustment pursuant to Section 9;

10.2.2 any amendment which reduces the exercise price of any Option after the Options have been granted or any cancellation of an Option and the substitution of that Option by a new Option with a reduced price, except in the case of an adjustment pursuant to Section 9;

10.2.3 any amendment which extends the Option Term beyond the original expiry date, except as provided in Section 6.3 hereof;

10.2.4 any amendment which would allow non-employee directors to be eligible for awards under the Plan;

10.2.5 any amendment which would permit any Option granted under the Plan to be transferable or assignable by any Participant other than as allowed by Section 7.2;

10.2.6 any amendment which increases the maximum number of Shares that may be issued to i) Insiders as a group; or (ii) any one Insider, under the Plan or any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Section 9; and

10.2.7 any amendment to the amendment provisions of the Plan.

10.3 The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Options previously granted to a Participant under the Plan.

SECTION 11 - CHANGE OF CONTROL

11.1 **Double Trigger** - Notwithstanding anything to the contrary contained in the Plan or in an Option Letter contemplated herein, if the Bank terminates a Participant's employment for reasons other than for "cause" or a Participant submits a Resignation for Good Reason within twelve (12) months after a Change in Control:

(a) each exercisable Option or Alternative Award then held by the Participant shall remain exercisable for a period of twenty-four (24) calendar months from the date of termination or resignation, but not later than the end of the Option Term, and thereafter any such Option or Alternative Award shall expire; and

(b) each non-exercisable Option or Alternative Award then held by the Participant shall become exercisable upon such termination or resignation and shall remain exercisable for a period of twenty-four (24) calendar months from the date of such termination or resignation, but not later than the end of the Option Term, and thereafter any such Option or Alternative Award shall expire.

11.2 **Alternative Award** - Unless otherwise determined by the Board, each Option, which is not converted into or substituted by an Alternative Award of the Successor Organization, shall become exercisable immediately prior to the consummation of the transaction constituting a Change in Control. For the purposes of this Plan, an "**Alternative Award**" must, in the opinion of the Board:

(a) be based on shares that are traded on an established Canadian or U.S. securities market;

(b) provide the Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Options, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment; and

(c) have substantially equivalent economic value to such Options (determined at the time of the Change in Control).

SECTION 12 - TAX WITHHOLDING

12.1 Notwithstanding any other provision of this Plan, all distributions or payments to a Participant under the Plan shall be made net of applicable source deductions, unless otherwise permitted by applicable laws. If the event giving rise to the withholding obligation involves a distribution of Shares, then, the withholding obligation may be satisfied by (a) having the appropriate number of such Shares sold by the Bank, the Bank's transfer agent and registrar or any agent or trustee appointed by the Bank pursuant to Section 6.7 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being remitted to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.

SECTION 13 - CLAWBACK POLICY

13.1 The grants of Options made under this Plan shall be subject to the Bank's clawback policies.

SECTION 14- GOVERNING LAWS

14.1 The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

SECTION 15 - EFFECTIVE DATE OF PLAN

15.1 The Plan shall be effective as of December 4, 2018, subject to shareholder ratification. Should any changes to the Plan be required by any securities commission or other governmental body of any province of Canada to which the Plan has been submitted or by any stock exchange on which the Shares may from time to time be listed, such changes shall be made to the Plan as are necessary to conform with such requests and, if such changes are approved by the Board, the Plan, as amended, shall remain in full force and effect in its amended form as of and from that date.

SCHEDULE C

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 D

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