Notice of Annual Meeting of Shareholders

March 10, 2009

Management Proxy Circular

LAURENTIAN BANK

LAURENTIAN BANK

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the shareholders of Laurentian Bank of Canada (the "Bank") will be held at the Monument National, 1182 Saint-Laurent Blvd., in Montreal, Quebec, on Tuesday, March 10, 2009 at 9:30 a.m. for the following purposes:

1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2008 and the auditor's report thereon;

2) to elect directors;

3) to appoint the auditor;

4) to consider and if deemed fit adopt a shareholder's proposals (the text of these proposals is reproduced as Schedule A to the attached Management Proxy Circular);

5) to transact such other business as may properly be brought before the meeting.

As at January 13, 2009, the number of eligible votes that may be cast at the meeting in respect of each separate vote to be held at the meeting is 23,849,313, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 310,041,069.

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, 9th Floor, Toronto, Ontario M5J 2Y1, prior to the close of business on March 9, 2009, or hand-delivered at the registration table on the day of the meeting prior to the commencement of the meeting.

By order of the Board of Directors,

Lorraine Pilon
Secretary

Montreal, Quebec, January 13, 2009

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 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. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

Important Instructions Regarding Voting and Proxies

INSTRUCTIONS 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 in person 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 (or deliver it at the registration table on the day of the meeting prior to the commencement of the 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, 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 (or deliver it at the registration table on the day of the meeting prior to the commencement of the 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, personal identification and the original of your proxy (unless it was already provided as described above).

INSTRUCTIONS FOR NON-REGISTERED* SHAREHOLDERS

NOTICE: *The Notice of Meeting, the Management Proxy Circular attached thereto and the other accompanying documents are being sent to both registered and non-registered shareholders. If you are a non-registered shareholder, and the Bank or its transfer agent has sent these documents directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Bank (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these documents to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

Voting in person — If you wish to vote in person at the meeting, please enter your name in the appropriate space on the voting instruction form that your intermediary or the Bank's transfer agent sent to you and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you 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 in person at the meeting and wish to appoint the persons proposed as proxyholders on the voting instruction form that your intermediary or the Bank's transfer agent sent to you to represent you at the meeting, please complete the voting instruction form and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. 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 in person at the meeting and wish to appoint a person other than the persons proposed as proxyholders on the voting instruction form that your intermediary or the Bank's transfer agent 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 or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. 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 an intermediary (such as a securities broker, a clearing agency, a financial institution, a trustee, a custodian, etc.) you are considered a **non-registered** shareholder.

Please also refer to the Notice of Annual Meeting of Shareholders and to 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. by telephone at 1-800-564-6253 or by e-mail at the following address: service@computershare.com.

Table of Contents

Management Proxy Circular

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 13, 2009.

PART A – INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation by the management of the Bank of proxies to be used at the Annual Meeting of Shareholders of the Bank, 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 by mail as well as by telephone or other personal contact by employees. All solicitation costs will be borne by the Bank.

PROXY INSTRUCTIONS

The persons proposed as proxyholders on the attached form of proxy are directors of the Bank. Subject to the restrictions mentioned under the heading "Voting Securities and Principal Holders of Voting Securities" hereinafter, **a registered shareholder who wishes to appoint another person to represent him at the Meeting may do so by entering the name of the desired representative in the blank space provided.** A person is not required to be a shareholder of the Bank in order 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 Investor Services Inc., at the address set forth in the accompanying Notice of Meeting, prior to the close of business on March 9, 2009, or hand-delivered at the registration table on the day of the meeting prior to the commencement of the meeting, will be used for purposes of voting at the Meeting or any adjournment thereof in accordance with the terms of the proxy or the instructions of the shareholder as specified thereon.

The enclosed form of proxy, when duly signed, confers discretionary authority on the persons named as proxyholders therein with respect to any matter on which no choice is specified, to all amendments or variations to matters stated in the Notice of Meeting and to 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 AGAINST the shareholder's proposal and FOR all matters stated in the Notice of Meeting.

The directors and officers of the Bank are not aware of any matter, other than those stated in the Notice of Meeting or this Circular, which might be submitted to the Meeting.

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it by signing, in person or through an attorney authorized in writing, a written instrument and by depositing such instrument with the Secretary of the Bank at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec H3A 3K3, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman 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

As at January 13, 2009, 23,849,313 common shares of the Bank were outstanding.

Except for the election of directors, each common share entitles the registered holder thereof to one vote on each ballot taken at any general meeting of the shareholders of the Bank. As for the election of directors, cumulative voting as described under the heading "Election of Directors" hereinafter, is used. The votes may on any ballot be cast in person or by proxy.

The holders of common shares may either vote for or withhold from voting in 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 properly be brought before the Meeting.

Only holders of shares registered on the registers of the Bank at the close of business on January 13, 2009, or their duly appointed proxyholders, will be entitled to attend or to vote at the Meeting.

To the knowledge of the directors and officers of the Bank, no shareholder beneficially owns, directly or indirectly, or exercises control or direction over, 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 shares of the Bank.

PART B – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The consolidated financial statements of the Bank for the fiscal year ended October 31, 2008 and the auditor's report thereon are included in the 2008 Annual Report of the Bank mailed to shareholders with this Circular. The financial statements were prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements specified by the Office of the Superintendent of Financial Institutions (Canada).

ELECTION OF DIRECTORS

The holders of common shares will elect 13 directors to hold office until the close of the next annual meeting of shareholders or until the election or appointment of their successors.

Under Section 8.1 of By-law III of the General By-laws of the Bank, the directors must be elected by cumulative voting of shareholders entitled to vote. For cumulative voting, the shareholders have the right to cast a number of votes equal to the number of votes attached to their shares, multiplied by the number of directors to be elected, and the votes may be distributed among one or several of the proposed nominees in any manner. A shareholder who has voted for more than one proposed nominee, without any further instruction, is deemed to have distributed the votes equally among the nominees. The shareholders present at the Meeting may, unanimously, adopt a resolution permitting to hold the election of directors by a single vote.

The Board of Directors adopted in 2008 a majority voting policy under which a nominee for election as director who would not receive the required minimum number of votes at the annual meeting of shareholders would be deemed not to have received the support of shareholders, even though he or she was legally elected, and would be required to immediately tender his or her resignation. Given the use of cumulative voting, the minimum number of votes is equal to the number of common shares held by shareholders present or represented by proxy at the shareholders' meeting, divided by two. For example, if the number of common shares held by shareholders present or represented by proxy at the shareholders' meeting is 10,000,000, which represents 130,000,000 votes for the election of directors, a nominee that did not receive at least 5,000,000 votes would have to tender his or her resignation. This resignation would be effective upon acceptance by the Board. Within 90 days of the shareholders' meeting, the Board will publicly announce the resignation of the director or the reasons for not accepting the resignation. In the event of an accepted resignation, the Board may fill the vacancy in accordance with law. The majority voting policy does not apply in the case of contested elections.

The persons named on the following list, in the opinion of management, are qualified to supervise the Bank's activities for the ensuing year. All proposed nominees have formally established their eligibility and willingness to serve on the Board of Directors of the Bank.

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 or with respect to one or several of such nominees.

The following table presents, for each proposed nominee for election as director:

- his or her name, age and municipality of residence;
- the date on which he or she became director of the Bank;
- the fact that he or she is or not independent within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors of the Bank (such determination being made as at the date of this Circular);
- his or her position(s) on the Board of Directors of the Bank or its committees and the committees of the Board on which he or she sits (the attendance at Board and committee meetings is disclosed in Schedule B of this Circular);
- the number (and value) of common shares of the Bank beneficially owned, directly or indirectly, or over which he or she exercises control or direction as at the date of this Circular (the value is based on the closing price of the share on the Toronto Stock Exchange on January 13, 2009 [$31,90]);
- the number (and value) of deferred stock units (DSUs) of the Bank credited to him or her as at the date of this Circular (the value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on January 13, 2009 [$31,90]);
- in the case of Mr. Robitaille, the number (and value) of vested and unredeemed restricted share units (RSUs) of the Bank held by him as at the date of this Circular (the value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on January 13, 2009 [$31,90]);
- his or her principal occupation and business;
- his or her principal qualifications and relevant experience to sit on the Board of Directors of the Bank;
- the main boards of directors on which her or she sits.

Lise Bastarache
Age: 44
Candiac, Quebec

Director since March 7, 2006

Independent

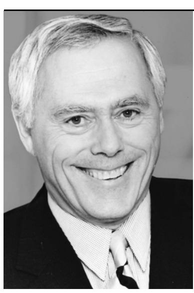
Member of the Risk Management Committee

Common shares: 1,618 ($51,614)
DSUs: 0 ($0)

Lise Bastarache is an economist and a corporate director.

Ms. Bastarache holds a masters degree and pursued doctoral studies in Economics. She was, from 2001 to 2005, Regional Vice-President - Quebec, Private Banking at RBC Financial Group. Ms. Bastarache is member of the Board of Governors of Université de Moncton, where she chairs the Finance Committee.

Currently director of the following publicly traded company and entity: The Jean Coutu Group (PJC) Inc.(member of the Audit Committee, of the Corporate Governance Committee and of the Human Resources Committee); member of the Board of Trustees of Chartwell Seniors Housing Real Estate Investment Trust (member of the Audit Committee and Investment and Environmental Committee).



Jean Bazin, Q.C.
Age: 68
Nuns' Island, Verdun, Quebec

Director since
September 1st, 2002
(and from 1990 to 2000)

Independent

Member of the Audit Committee

Common shares: 4,000 ($127,600)
DSUs: 0 ($0)

Jean Bazin is Counsel at Fraser Milner Casgrain LLP, Barristers and Solicitors.

Attorney since 1965, appointed Queen's Counsel in 1984 and a member of the Senate from 1986 to 1989, Jean Bazin chaired the Canadian Bar Association in 1987-1988 and the Quebec-Japan Business Forum in 1999. He sat on the Board of Directors of the Bank from 1990 to 2000 and was Chairman of the Board of its subsidiary B2B Trust from 2000 to 2002. Very active within the business community and various cultural organizations, Mr. Bazin sits on the boards of directors of several non-publicly traded companies and is Chairman of the Board of the Société générale de financement du Québec.

Currently director of the following publicly traded company: Miranda Technologies Inc.

Richard Bélanger, FCA
Age: 51
Lac-Beauport, Quebec

Director since
March 20, 2003

Independent

President of the Audit Committee and member of the Risk Management Committee

Common shares: 5,000 ($159,500)
DSUs: 0 ($0)

Richard Bélanger is President of Toryvel Group Inc., a holding company with investments mostly in the natural resources sector.

A chartered accountant since 1980, Richard Bélanger was awarded the designation "Fellow" and the Prix Émérite and by the Ordre des comptables agréés du Québec in 2004. Mr. Bélanger is also President of Stetson Timberlands Inc., a forestry operations company.

Currently director of the following publicly traded company and entity: Stella-Jones Inc. (member of the Audit Committee); member of the Board of Trustees of Genivar Income Fund (member of the Audit Committee and Chair of the Governance and Human Resources Committee).

Ève-Lyne Biron
Age: 43
Candiac, Quebec

Director since
March 20, 2003

Independent

Member of the Audit Committee

Common shares: 4,004 ($127,728)
DSUs: 1,343 ($42,842)

Ève-Lyne Biron is President and General Manager of Laboratoire Médical Biron inc., a medical laboratory.

Ève-Lyne Biron holds a masters in business administration. Her company ranked 37th of the top 100 Canadian companies managed by women in 2003. She was a 2004 award winner of the Nouveaux Performants competition, “Entrepreneur” category and finalist for the 2005 Femmes d’affaires du Québec award. Ms. Biron sits on the boards of directors of the Orchestre symphonique de Longueuil, of Longueuil Economic Development, of the Institut québécois pour les familles en affaires and the St. Justine Hospital Foundation.

Ms. Biron does not sit on the board of directors of any publicly traded company other than the Bank.

Isabelle Courville
Age: 46
Dorval, Quebec

Director since
March 6, 2007

Independent

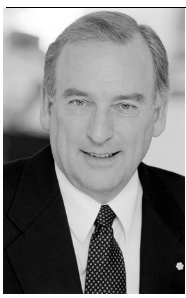
Member of the Human Resources and Corporate Governance Committee

Common shares: 3,308 ($105,525)
DSUs: 0 ($0)

Isabelle Courville is President of Hydro Québec TransÉnergie, the division of Hydro Québec in charge of its electricity transmission operations.

Isabelle Courville is an engineer and a lawyer. From 2003 to 2006, she was President of Bell Canada’s Enterprise business segment and from 2001 to 2003, President and Chief Executive Officer of Bell Nordiq Group (Télébec NorthernTel). She was awarded in 2005, 2006 and 2008 Canada’s Most Powerful Wowen Top 100 Award by the Women’s Executive Network and received in 2007 the McGill Management Achievement Award for her contribution to the business world and her community involvement. Ms. Courville sits on the boards of directors of the NPCC (Northeast Power Coordinating Council), the Chamber of Commerce of Metropolitan Montreal and the St. Justine Hospital Foundation.

Currently director of the following publicly traded company: Miranda Technologies Inc.



L. Denis Desautels, O.C., FCA
Age: 65
Ottawa, Ontario

Director since
December 4, 2001

Independent

Chairman of the Board, member of the Audit Committee and of the Human Resources and Corporate Governance Committee

Common shares: 4,500 ($143,550)
DSUs: 0 ($0)

L. Denis Desautels is a chartered accountant and a corporate director.

Fellow of the Ordre des comptables agréés du Québec and of the Institute of Chartered Accountants of Ontario and involved with a number of professional committees including the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants, Mr. Desautels is a recognized Canadian authority on governance. Auditor General of Canada from 1991 to 2001, he was appointed Officer of the Order of Canada in 2001. From 2001 to September 2008, he was Executive-in-Residence of the School of Management of the University of Ottawa. Mr. Desautels sits on the Board of Directors of CARE Canada and on the Board of Governors of the International Development Research Centre (IDRC).

Currently director of the following publicly traded companies: Bombardier Inc. (Chair of the Audit Committee) and The Jean Coutu Group (PJC) Inc. (Chair of the Audit Committee).

Pierre Genest
Age: 62
Quebec, Quebec

Director since
March 7, 2006

Independent

Member of the Risk Management Committee

Common shares : 2,525 ($80,548)
DSUs: 0 ($0)

Pierre Genest is Chairman of the Board of SSQ, Life Insurance Company Inc.

Educated in actuarial sciences, Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries (USA), Pierre Genest was, from 1994 to 2001, President and General Manager of SSQ Financial Group. From 2002 to 2006, he was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.). Mr. Genest sits on the boards of directors of Professionals’ Fund Group Inc., Sogemec Assurances inc. and Manac Inc. He is also Chairman of the Board of Université Laval.

Mr. Genest does not sit on the board of directors of any publicly traded company other than the Bank.

Michel Labonté
Age: 63
Verdun, Quebec

Director since –

Independent

Common shares : 0 ($0)
DSUs : 0 ($0)

Michel Labonté is a corporate director.

Mr. Labonté was involved for over thirteen years with the National Bank of Canada, including as Senior Vice-President, Finance and Control (1993-2002). In 2002, he was appointed Senior Vice-President, Finance and Technology and named to the Bank's Executive Committee. In 2003, he was promoted to Senior Vive-President, Finance, Technology and Corporate Affairs, a position held until 2005. From 2005 to his retirement in 2006, Mr. Labonté served as an executive advisor. From March 2007 until November 2008, he acted as a financial consultant. Mr. Labonté is a member of the Institute of Corporate Directors of Canada. He sits on the boards of directors of several non-profit organizations involved in cultural endeavours.

Currently director of the following publicly traded company: Métro Inc. (Chair of the Audit Committee).

Pierre Michaud, C.M.
Age: 65
Montreal, Quebec

Director since
January 26, 1990

Independent

Vice-Chairman of the Board and Chair of the Human Resources and Corporate Governance Committee

Common shares: 5,585 ($178,162)
DSUs: 21,823 ($696,154)
(Mr. Michaud also holds 3,000 Preferred Shares, Series 9)

Pierre Michaud is a corporate director.

Member of the Order of Canada, Pierre Michaud has a vast experience in the retail business as much as in corporate governance. From 1993 to February 2008, he was Chairman of the Board of Provigo Inc. Very active in many charitable organizations, Mr. Michaud is a member of the Board of Governors of Centraide. He is also a director of Bombardier Recreational Products Inc. and a director and a member of the Human Resources Committee of Gaz Métro Inc. (the general partner of Gaz Métro Limited Partnership, a publicly traded entity).

Currently director of the following publicly traded company: Loblaw Companies Limited (member of the Environmental, Security and Welfare Committee).

Carmand Normand
Age: 62
North Hatley, Quebec

Director since
July 1st, 2004

Independent

Member of the Human Resources and Corporate Governance Committee

Common shares: 13,457 ($429,278)
DSUs: 0 ($0)

Carmand Normand is Chairman of the Board of Addenda Capital Inc., an investment management firm that provides specialized solutions for institutional and high net-worth private clients.

With nearly 40 years of experience in finance, Carmand Normand is an excellent investment strategist. Mr. Normand won particular recognition in 2000, when he received the Hermès Award for outstanding career accomplishments from the Faculty of Business Administration of Université Laval.

Currently director of the following publicly traded company: TMX Group Inc.

Jacqueline C. Orange
Age: 64
Toronto, Ontario

Director since March 11, 2008

Independent

Member of the Audit Committee

Common shares : 461 ($14,706)
DSUs: 0 ($0)

Jacqueline C. Orange is a corporate director

In her 20-year career as a financial services executive, she has held a variety of senior positions in the banking, trust and life insurance industries. From 1996 to 2005, she was President and Chief Executive Officer of Canada Investment and Savings, a special operating agency of the Department of Finance, Government of Canada. Actively involved in her community, she has served on the boards of directors of various health care, cultural and educational organizations. She was Governor of the University of Toronto (1999-2008) and Chair of its Business Board (2003-2007). She currently is a member of the Independent Review Committee of First Trust Portfolios Canada. Ms. Orange holds a masters in business administration and a director designation (ICD.D) from the Institute of Corporate Directors.

Ms. Orange does not sit on the board of directors of any publicly traded company other than the Bank

Réjean Robitaille
Age: 48
La Prairie, Quebec

Director since
December 13, 2006

Not independent (officer of the Bank)

Common shares:	1,384 ($44,150)
DSUs:	0 ($0)
RSUs:	22,164 ($707,032)

Réjean Robitaille is President and Chief Executive Officer of the Bank.

A chartered accountant, Réjean Robitaille has in-depth knowledge of the Bank as he held a variety of positions since 1988, including Senior Vice-President and Treasurer, Executive Vice-President, Retail Financial Services and Senior Executive Vice-President, Retail and Commercial Financial Services. From June to December 2006, he held the position of Senior Executive Vice-President and Chief Operating Officer and became President and Chief Executive Officer of the Bank on December 13, 2006.

Mr. Robitaille does not sit on the board of directors of any publicly traded company other than the Bank.

Jonathan I. Wener, C.M.
Age: 58
Hampstead, Quebec

Director since
January 22, 1998

Independent

Chair of the Risk Management Committee

Common shares:	4,221 ($134,650)
DSUs:	0 ($0)

Jonathan I. Wener is Chairman of the Board of Canderel Management Inc., a commercial real estate management company.

Member of the Order of Canada, Jonathan Wener, a renowned real estate expert, has vast experience in the commercial, industrial, residential, recreational and hotel sectors. Associated for 34 years with the success of Canderel Management, Mr. Wener contributes to the well-being of his community through his involvement in numerous professional associations and charitable organizations. Mr. Wener is Vice-Chair of the Board of Concordia University and he also sits on several boards of directors including those of The Montreal Museum of Fine Arts Foundation, The Foundation of Greater Montreal, The Jewish General Hospital and the Festival des Arts de Saint-Sauveur.

Currently director of the following publicly traded company: Silanis Technologies Inc. (AIM Exchange (London)).

Information concerning the number of shares held was provided by each proposed nominee. Under the *Bank Act* (Canada) and the Bank's policy on insiders and prohibited transactions on Bank securities, it is prohibited for any director of the Bank to knowingly sell, directly or indirectly, a security of the Bank if such director does not own or has not fully paid for the security (commonly referred to as "short selling") and to knowingly, directly or indirectly, buy or sell a call or put in respect of a security of the Bank.

To the knowledge of the Bank, no proposed nominee is at the date of this Circular, or has been within ten years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency.

According to the *Bank Act* (Canada), the Board of Directors of the Bank is required to have an audit committee and a conduct review committee. The mandate of the Risk Management Committee of the Board of Directors of the Bank includes the responsibilities which must be discharged by the conduct review committee.

APPOINTMENT OF THE AUDITOR

The *Bank Act* (Canada) provides that the accounts of a bank must be audited and that this audit may be performed by one or two firms of accountants.

The Board of Directors, on the advice of the Audit Committee, recommends that the accounts of the Bank be audited by the firm of accountants Ernst & Young LLP. Ernst & Young has acted as auditor of the Bank, either alone or in conjunction with another firm, continuously since 1990. In accordance with its mandate, the Audit Committee assured itself of the periodic rotation of the auditor's partner in charge of the Bank's account.

The auditor is to be appointed by vote of the holders of common shares at the Meeting to serve as auditor of the Bank until the close of the next annual meeting of shareholders. In order to be passed, the appointment of the auditor must be approved by a majority of votes cast by the holders of common shares present or represented by proxy and able to vote at the Meeting.

The following table presents by category the fees billed by the external auditor Ernst & Young LLP for the fiscal years ended October 31, 2008 and 2007.

Fee category	2008 ($)	2007 ($)
Audit fees	1,656,545	1,712,100
Fees for audit-related services	82,427	119,800
Fees for tax services	6,214	29,700
Other fees	18,503	364,500
Total	1,763,689	2,226,100

Further details on the auditors' fees are provided in Sub-section 11.5 of the Bank's Annual Information Form dated December 5, 2008, which is available on SEDAR at www.sedar.com.

During the 2008 fiscal year, the Audit Committee reviewed the policy regarding services that may be rendered by the Bank's external auditor. This policy is presented in Sub-section 11.4 of the Bank's Annual Information Form dated December 5, 2008.

SHAREHOLDER'S PROPOSALS

The Bank received five proposals from a shareholder, Mouvement d'éducation et de défense des actionnaires (MEDAC), of 82 Sherbrooke Street West, Montreal (Quebec) H2X 1X3. The text of these proposals and the shareholder's declarations, as well as the recommendations of the Board of Directors are found in Schedule A of this Circular. If these proposals come before the Meeting, the proxyholders proposed on the enclosed form of proxy intend to vote **AGAINST** them, unless instructions to the contrary are given in the form of proxy.

PART C – INFORMATION ON COMPENSATION

ROLE OF THE HUMAN RESOURCES AND CORPORATE GOVERNANCE COMMITTEE

The responsibilities of the Bank's Human Resources and Corporate Governance Committee include reviewing and, if appropriate, recommending to the Board any changes regarding the compensation of directors. The Committee is also responsible for reviewing and, if appropriate, recommending to the Board any changes to the overall compensation framework for the Bank's senior officers (including salary, short and long term incentive plans, benefits plans, indemnification in case of a change of control, pension plans or any similar plans, and other benefits) and approving the compensation, individual bonuses and employment conditions of the members of the Management Committee. Compensation of the Bank's directors and executive officers for the 2008 fiscal year is described in this Part.

Further information regarding the composition and independence of the Committee are found under the heading "Report on Executive Compensation" hereinafter. The text of the Committee's mandate can be found in Schedule D and the Committee's report on its work for the year can be found in Schedule E of this Circular.

COMPENSATION OF DIRECTORS

Compensation Structure

The compensation structure of the directors of the Bank is the following:

Per annum fixed compensation for all directors	$45,000
Per annum fixed compensation for the Chairman of the Board	$100,000
Per annum fixed compensation for the Chair of a permanent committee	$7,500
Per annum fixed compensation for a director sitting on more than one committee, except the Chairman of the Board	$6,000

Directors who are required to participate on behalf of the Bank in internal or external committees or working groups or training sessions offered by the Bank receive for this purpose an additional compensation of $1,200 per meeting or training session. During the last fiscal year, Messrs. Desautels and Normand received compensation of this nature for their participation in the Pension Plan Management Committee of the Bank. The amount received by each director is disclosed in the "Total Compensation" table hereinafter.

Directors who are officers of the Bank are not entitled to any compensation as directors.

Directors are entitled to the reimbursement of their hotel and travel expenses upon presentation of supporting evidence.

Compensation is paid in each quarter from the amounts attributed by By-law XII of the General By-laws of the Bank.

Shareholding

Each director must hold at least 4,000 common shares of the Bank. Until this threshold is reached, at least 50% of the director's compensation is used to acquire shares. As at December 31, 2008, all directors exceeded the target ownership level of 4,000 common shares, except for Ms. Bastarache, Ms. Courville, Mr. Genest, Mr. Labonté and Ms. Orange. Mr. Robitaille is subject to minimum shareholding requirements as President and Chief Executive Officer of the Bank, as described under the heading "Total Compensation and Holdings of Shares, Share Units, Stock Options and Stock Appreciation Rights" hereinafter.

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

Deferred stock units

A director who holds at least 4,000 common shares may also elect to receive all or part of his or her compensation in the form of deferred stock units of the Bank (DSUs). To receive DSUs, directors must so elect annually. A DSU is a unit whose value is equivalent to the value of a common share of the Bank and takes into account other events affecting the stock (stock split, exchange of shares, spin-off, etc.). DSUs cannot be converted until a director leaves the Board of Directors and are paid at that time in cash or in shares. The number of DSUs awarded is established by dividing the amount payable to the director by the average market price of the common share of the Bank during the period provided in the plan. DSUs also entitle their holders to an amount equal to dividend payments, which amount is paid in the form of additional DSUs. This plan is in force since February 1st, 2000.

Members of the Board of Directors of the Bank (with the exception of the President and Chief Executive Officer) are not eligible under the Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries, which is the only stock option plan in force at the Bank.

Total Compensation

The total compensation of the Bank's directors for the 2008 fiscal year reached $670,900, allocated as follows:

Director	Choice as to Compensation	Per Annum Fixed Compensation ($)	Fixed Compen-sation as Chairman ($)	Fixed Compensation as Chair of a Committee or Member of More Than One Committee ($)	Additional Compensation ($) (Note 4)	Total Compensation ($)
Lise Bastarache	50% shares 50% cash	45,000	-	-	-	45,000
Jean Bazin	100% cash	45,000	-	-	-	45,000
Richard Bélanger	100% cash	45,000	-	13,500	-	58,500
Ève-Lyne Biron	100% cash	45,000	-	-	-	45,000
Isabelle Courville	100% shares	45,000	-	-	-	45,000
L. Denis Desautels	100% cash	45,000	100,000	-	1,200	146,200
Pierre Genest	100% shares	45,000	-	-	-	45,000
Georges Hébert (Note 1)	100% cash	16,125	-	-	-	16,125
Michel C. Lauzon (Note 2)	50% shares 50% cash	28,875	-	-	-	28,875
Veronica S. Maidman (Note 1)	50% shares 50% cash	16,125	-	-	-	16,125
Pierre Michaud	100% DSUs	45,000	-	7,500	-	52,500
Carmand Normand	100% shares	45,000	-	-	1,200	46,200
Jacqueline C. Orange (Note 2)	50% shares 50% cash	28,875	-	-	-	28,875
Réjean Robitaille (Note 3)	-	-	-	-	-	-
Jonathan I. Wener	100% cash	45,000	-	7,500	-	52,500

Note 1: Director until March 11, 2008.

Note 2: Director since March 11, 2008.

Note 3: Mr. Robitaille did not receive any compensation as director of the Bank.

Note 4: Additional compensation for participation in the Pension Plan Management Committee of the Bank.

EXECUTIVE COMPENSATION

In this section of the Circular, the words "Named Executive Officers" or "NEOs" refer to the persons having acted as President and Chief Executive Officer and Chief Financial Officer of the Bank during the 2008 fiscal year, as well as the three other executive officers (as defined in *National Instrument 51-102 – Continuous Disclosure Obligations*) of the Bank serving as such at the end of the 2008 fiscal year who received during that fiscal year the highest total annual salary and bonus.

Total Compensation and Holdings of Shares, Share Units, Stock Options and Stock Appreciation Rights

The following tables present, for each Named Executive Officer, total compensation received during the three last completed fiscal years, as well as the number and value as at December 31, 2008 of common shares of the Bank, restricted share units issued under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada (RSUs), performance share units issued under the Performance Share Unit Plan for Senior Management of the Laurentian Bank of Canada (PSUs), stock options issued under the Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries (Options) and stock appreciation rights issued under the Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries (SARs), held at such date.

The principal terms and conditions of these plans can be found in Schedule C of this Circular.

RÉJEAN ROBITAILLE, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Compensation for the fiscal years ended October 31

	2008		2007		2006	
	($)	%	($)	%	($)	%
Short-term compensation						
- Salary	539,170	26	432,000	30	302,000	42
- Bonus (Note 1)	388,125	19	222,750	16	125,000	17
- Other annual compensation (Note 2)	41,116	2	12,268	1	5,912	1
- Group insurance	14,336	1	6,442	0	8,880	1
Total short-term compensation	982,747	48	673,460	47	441,792	61
Long-term compensation						
- Long-term incentive compensation (Note 3)						
- Options	0	0	265,230	18	0	0
- SARs	0	0	62,046	4	0	0
- RSUs	621,000	30	356,400	25	200,000	28
- PSUs	359,991	18	0	0	0	0
- Annual cost of retirement benefits (Note 4)	81,000	4	82,000	6	78,000	11
Total long-term compensation	1,061,991	52	765,676	53	278,000	39
Total compensation (Note 5)	2,044,738	100	1,439,136	100	719,792	100
For 2008, Mr. Robitaille's total compensation was composed of 33% fixed compensation (salary, annual cost of retirement benefits, group insurance and other annual compensation) and 67% variable compensation (annual bonus and long-term incentive compensation).						

Holdings as at December 31, 2008

Shares (Note 6)		Vested RSUs (Note 6)		Vested PSUs (Note 6)		Vested Options (Note 7)		Vested SARs (Note 8)	
Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)
1,384	47,748	22,174	765,003	0	0	26,419	143,780	25,000	191,866

Minimum required holding of shares, RSUs and PSUs:	3 x salary ($552,000)
Objective reached as at December 31, 2008:	49%

ROBERT CARDINAL, SENIOR EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER

Compensation for the fiscal years ended October 31

	2008		2007		2006	
	($)	%	($)	%	($)	%
Short-term compensation						
- Salary	284,604	38	278,000	40	268,000	45
- Bonus (Note 1)	236,300	32	97,500	14	100,000	17
- Other annual compensation (Note 2)	35,116	5	32,447	5	0	0
- Group insurance	10,303	1	9,221	1	9,085	2
Total short-term compensation	566,323	76	417,168	59	377,085	63
Long-term compensation						
- Long-term incentive compensation (Note 3)						
- Options	0	0	0	0	0	0
- SARs	0	0	62,046	9	0	0
- RSUs	0	0	156,000	22	160,000	27
- PSUs	111,997	15	0	0	0	0
- Annual cost of retirement benefits (Note 4)	69,000	9	68,000	10	65,000	11
Total long-term compensation	180,997	24	286,046	41	225,000	37
Total compensation (Note 5)	747,320	100	703,214	100	602,085	100
For 2008, Mr. Cardinal's total compensation was composed of 53% fixed compensation (salary, annual cost of retirement benefits, group insurance and other annual compensation) and 47% variable compensation (annual bonus and long-term incentive compensation).						

Holdings as at December 31, 2008

Shares (Note 6)		Vested RSUs (Note 6)		Vested PSUs (Note 6)		Vested Options (Note 7)		Vested SARs (Note 8)	
Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)
997	34,397	6,553	226,078	0	0	0	0	12,500	94,150

Minimum required holding of shares, RSUs and PSUs:	1.5 x salary ($280,000)
Objective reached as at December 31, 2008:	62%

BERNARD PICHÉ, SENIOR EXECUTIVE VICE-PRESIDENT, TREASURY, CAPITAL MARKETS AND BROKERAGE

Compensation for the fiscal years ended October 31

	2008		2007		2006	
	($)	%	($)	%	($)	%
Short-term compensation						
- Salary	274,441	39	270,000	42	268,000	54
- Bonus (Note 1)	79,750	11	85,000	13	50,000	10
- Other annual compensation (Note 2)	32,854	5	5,100	1	17,600	4
- Group insurance	6,426	1	6,212	1	6,075	1
Total short-term compensation	393,471	56	366,312	57	341,675	69
Long-term compensation						
- Long-term incentive compensation (Note 3)						
- Options	0	0	0	0	0	0
- SARs	0	0	62,046	10	0	0
- RSUs	127,600	18	136,000	21	80,000	16
- PSUs	107,987	15	0	0	0	0
- Annual cost of retirement benefits (Note 4)	74,000	11	75,000	12	71,000	14
Total long-term compensation	309,587	44	273,046	43	151,000	31
Total compensation (Note 5)	703,058	100	639,358	100	492,675	100
For 2008, Mr. Piché's total compensation was composed of 55% fixed compensation (salary, annual cost of retirement benefits, group insurance and other annual compensation) and 45% variable compensation (annual bonus and long-term incentive compensation).						

Holdings as at December 31, 2008

Shares (Note 6)		Vested RSUs (Note 6)		Vested PSUs (Note 6)		Vested Options (Note 7)		Vested SARs (Note 8)	
Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)
1,641	56,615	6,639	229,046	0	0	0	0	6,250	47,075

Minimum required holding of shares, RSUs and PSUs:	1.5 x salary ($270,000)
Objective reached as at December 31, 2008:	71%

LUC BERNARD, EXECUTIVE VICE-PRESIDENT, RETAIL FINANCIAL SERVICES AND SMES

Compensation for the fiscal years ended October 31

	2008		2007		2006	
	($)	%	($)	%	($)	%
Short-term compensation						
- Salary	255,684	37	216,000	39	198,000	57
- Bonus (Note 1)	109,700	16	70,000	13	42,900	12
- Other annual compensation (Note 2)	20,299	3	0	0	12,139	3
- Group insurance	9,231	1	8,994	1	6,488	2
Total short-term compensation	394,914	57	294,994	53	259,527	74
Long-term compensation						
- Long-term incentive compensation (Note 3)						
- Options	0	0	0	0	0	0
- SARs	0	0	115,308	21	0	0
- RSUs	175,520	25	112,000	20	68,640	20
- PSUs	87,992	13	0	0	0	0
- Annual cost of retirement benefits (Note 4)	39,000	6	33,000	6	21,000	6
Total long-term compensation	302,512	43	260,308	47	89,640	26
Total compensation (Note 5)	697,426	100	555,302	100	349,167	100
For 2008, Mr. Bernard's total compensation was composed of 46% fixed compensation (salary, annual cost of retirement benefits, group insurance and other annual compensation) and 54% variable compensation (annual bonus and long-term incentive compensation).						

Holdings as at December 31, 2008

Shares (Note 6)		Vested RSUs (Note 6)		Vested PSUs (Note 6)		Vested Options (Note 7)		Vested SARs (Note 8)	
Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)
171	5,900	6,753	232,979	0	0	0	0	6,250	40,505

Minimum required holding of shares, RSUs and PSUs:	1.5 x salary ($260,000)
Objective reached as at December 31, 2008:	61%

FRANÇOIS DESJARDINS, EXECUTIVE VICE-PRESIDENT, BANK AND PRESIDENT AND CHIEF EXECUTIVE OFFICER, B2B TRUST

Compensation for the fiscal years ended October 31

	2008		2007		2006	
	($)	%	($)	%	($)	%
Short-term compensation						
- Salary	232,901	37	206,000	34	188,000	57
- Bonus (Note 1)	101,250	16	94,500	16	47,050	14
- Other annual compensation (Note 2)	23,100	4	7,762	1	0	0
- Group insurance	1,817	0	1,574	0	2,937	1
Total short-term compensation	372,978	57	309,836	52	237,987	72
Long-term compensation						
- Long-term incentive compensation (Note 3)						
- Options	0	0	0	0	0	0
- SARs	0	0	115,308	19	0	0
- RSUs	162,000	26	151,200	25	75,280	23
- PSUs	83,985	13	0	0	0	0
- Annual cost of retirement benefits (Note 4)	27,000	4	23,000	4	16,000	5
Total long-term compensation	272,985	43	289,508	48	91,280	28
Total compensation (Note 5)	645,963	100	599,344	100	329,267	100
For 2008, Mr. Desjardins' total compensation was composed of 45% fixed compensation (salary, annual cost of retirement benefits, group insurance and other annual compensation) and 55% variable compensation (annual bonus and long-term incentive compensation).						

Holdings as at December 31, 2008

Shares (Note 6)		Vested RSUs (Note 6)		Vested PSUs (Note 6)		Vested Options (Note 7)		Vested SARs (Note 8)	
Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)	Number	Value ($)
1,436	49,542	7,434	256,473	0	0	0	0	6,250	40,505

Minimum required holding of shares, RSUs and PSUs:	1.5 x salary ($240,000)
Objective reached as at December 31, 2008:	85%

Note 1: Amount of the annual bonus not converted into RSUs (see Note 7 to the "Summary Compensation Table" hereinafter). Mr. Cardinal's annual bonus for 2008 was not converted into RSUs since he will retire as at February 1st, 2009.

Note 2: These amounts represent reimbursements related to the use of a vehicle.

Note 3: The value of Options and SARs is based on the closing price of the Bank's common share on the Toronto Stock Exchange on the date of grant ($29.47 for the Options, $34.47 for the SARs granted on June 8, 2007 and $29.59 for the SARs granted on December 18, 2006) and a Black-Scholes value of 18%. Details on the amount of RSUs and PSUs is indicated in the "Summary Compensation Table" hereinafter.

Note 4: Annual cost of retirement benefits as indicated under the heading "Defined Benefit Pension Plan Disclosure" hereinafter.

Note 5: Total compensation does not include the aggregate value realized upon exercise of Options or SARs as disclosed in the "Aggregated Option/SAR Exercises During the Most Recently Completed Fiscal Year and Fiscal Year-End Option/SAR Values" table hereinafter nor the redemption price of the RSUs as disclosed in the "Summary Compensation Table" hereinafter, since the value of the Options, SARs and RSUs has already been included in the compensation for the year of their grant.

Note 6: The value as at December 31, 2008 is based on the closing price of the Bank's common share on the Toronto Stock Exchange at that date ($34.50). In the case of RSUs and PSUs, includes only vested units that have not been redeemed as that date.

Note 7: The value as at December 31, 2008 is based on the difference between the closing price of the Bank's common share on the Toronto Stock Exchange at that date ($34.50) and the exercise price. Includes only vested Options that have not been exercised at that date.

Note 8: The value as at December 31, 2008 is based on the difference between the closing price of the Bank's common share on the Toronto Stock Exchange at that date ($34.50) and the grant price. Includes only vested SARs that have not been exercised at that date.

Under the *Bank Act* (Canada) and the Bank's policy on insiders and prohibited transactions on Bank securities, it is prohibited for any officer or employee of the Bank to knowingly sell, directly or indirectly, a security of the Bank if such person does not own or has not fully paid for the security (commonly referred to as "short selling") and to knowingly, directly or indirectly, buy or sell a call or put in respect of a security of the Bank.

Summary Compensation Table

The following table sets forth a summary of the compensation during the last three fiscal years of the Named Executive Officers.

NEO Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compen-sation ($) (Note 9)
					Awards		Payouts	
		Salary ($)	Bonus ($) (Note 5)	Other Annual Compen-sation ($) (Note 6)	Securities under Options / SARs Granted (#)	Shares or Units Subject to Resale Restrictions (RSUs / PSUs) ($) (Note 7)	LTIP Payouts ($) (Note 8)	
Réjean Robitaille President and Chief Executive Officer (Note 1)	2008 2007 2006	539,170 432,000 302,000	388,125 222,750 125,000	41,116 12,268 5,912	0 / 0 50,000 / 10,000 0 / 0	621,000 / 359,991 356,400 / 0 200,000 / 0	147,334 0 0	14,336 6,442 8,880
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer (Note 2)	2008 2007 2006	284,604 278,000 268,000	236,300 97,500 100,000	35,116 32,447 0	0 / 0 0 / 10,000 0 / 0	0 / 111,997 156,000 / 0 160,000 / 0	147,334 0 0	10,303 9,221 9,085
Bernard Piché Senior Executive Vice-President, Treasury, Capital Markets and Brokerage	2008 2007 2006	274,441 270,000 268,000	79,750 85,000 50,000	32,854 5,100 17,600	0 / 0 0 / 10,000 0 / 0	127,600 / 107,987 136,000 / 0 80,000 / 0	147,334 0 0	6,426 6,212 6,075
Luc Bernard Executive Vice-President, Retail Financial Services and SMEs (Note 3)	2008 2007 2006	255,684 216,000 198,000	109,700 70,000 42,900	20,299 0 12,139	0 / 0 0 / 20,000 0 / 0	175,520 / 87,992 112,000 / 0 68,640 / 0	83,043 0 0	9,231 8,994 6,488
François Desjardins Executive Vice-President, Bank, and President and Chief Executive Officer, B2B Trust (Note 4)	2008 2007 2006	232,901 206,000 188,000	101,250 94,500 47,050	23,100 7,762 0	0 / 0 0 / 20,000 0 / 0	162,000 / 83,985 151,200 / 0 75,280 / 0	0 0 0	1,817 1,574 2,937

Note 1: Mr. Robitaille is President and Chief Executive Officer since December 13, 2006. He had been named Senior Executive Vice-President and Chief Operating Officer on June 15, 2006. Prior to that date, he was Senior Executive Vice-President, Retail Financial Services.

Note 2: Mr. Cardinal will retire on February 1st, 2009. He ceased to be Senior Executive Vice-President and Chief Financial Officer on January 5, 2009 and will act as advisor to the new Chief Financial Officer until January 31, 2009.

Note 3: Mr. Bernard is Executive Vice-President, Retail Financial Services and SMEs since February 12, 2007. Prior to that date, he was Executive Vice-President, Retail Financial Services.

Note 4: Mr. Desjardins is Executive Vice-President of the Bank since February 28, 2006. Prior to that date, he held the position of President and Chief Executive Officer of B2B Trust only.

Note 5: Amount of the annual bonus not converted into RSUs (see Note 7). Mr. Cardinal's annual bonus for 2008 was not converted into RSUs since he will retire on February 1st, 2009.

Note 6: These amounts represent reimbursements related to the use of a vehicle. Perquisites and other personal benefits did not exceed $50,000 or 10% of salary and bonus.

Note 7: Under the RSU Plan, Named Executive Officer must convert 50% of their annual bonus into RSUs. The Bank contributes an additional amount equal to 60% of the portion of the annual bonus converted, which amount is also converted into RSUs. Under the PSU Plan, PSUs are awarded based on a target percentage of the annual base salary of the Named Executive Officer and an award factor determined by the Human Resources and Corporate Governance Committee. The number of RSUs and PSUs is determined based on the Share Price at the date of the award (as more fully described in Schedule C of this Circular).

As at October 31, 2008, the total number and value of RSUs (both vested and unvested) held by each NEO was as follows : Mr. Robitaille : 22,364 ($914,240); Mr. Cardinal : 14,654 ($599,056); Mr. Piché : 11,240 ($459,491); Mr. Bernard : 8,269 ($338,037); Mr. Desjardins : 7,386 ($301,940). The number of units includes dividend equivalents. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2008 ($40.88).

As at October 31, 2008, the total number and value of PSUs (both vested and unvested) held by each NEO was as follows : Mr. Robitaille : 9,275 ($379,162); Mr. Cardinal : 2,886 ($117,980); Mr. Piché : 2,783 ($113,769); Mr. Bernard : 2,267 ($92,675); Mr. Desjardins : 2,164 ($88,464). The number of units includes dividend equivalents. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2008 ($40.88).

Note 8: These amounts represent the redemption price of the RSUs which were awarded in January 2006.

Note 9: These amounts are mainly related to group insurance premiums.

Option/SAR Grants During the Most Recently Completed Fiscal Year

No Options or SARs were granted during the 2008 fiscal year to the Named Executive Officers.

Aggregated Option/SAR Exercises During the Most Recently Completed Fiscal Year and Fiscal Year-End Option/SAR Values

NEO	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options / SARs at FY-end (#) Exercisable / Unexercisable	Value of Unexercised In-the-Money Options / SARs at FY-end ($) Exercisable / Unexercisable (Note 1)
Réjean Robitaille	0	0	34,888 / 53,750	466,395 / 578,823
Robert Cardinal	0	0	6,250 / 16,250	86,950 / 151,030
Bernard Piché	37,500	450,280	0 / 16,250	0 / 151,030
Luc Bernard	3,750	65,182	0 / 23,750	0 / 229,090
François Desjardins	11,250	180,810	0 / 23,750	0 / 229,090

Note 1: The value of Options is based on the difference between the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2008 ($40.88) and the exercise price. The value of SARs is based on the difference between the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2008 ($40.88) and the grant price.

Defined Benefit Pension Plan Disclosure

The Named Executive Officers participate in the Pension Plan for the Senior Officers of the Bank and Participating Subsidiaries (the "Officers' Plan") and in the Supplemental Pension Plan for Members of the Executive Management of the Bank 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.

Under these plans, members are therefore entitled to receive, for each year of participation, a pension 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 Régie des rentes du Québec and the Canada Pension Plan. Normal retirement age is set at age 65. However, members may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60.

The following table sets out the pension payable under the plans in relation to average compensation and years of participation in the plans.

Average Compensation ($)	Years of Participation in Pension Plans				
	15	20	25	30	35
150,000	45,000	60,000	75,000	90,000	105,000
175,000	52,500	70,000	87,500	105,000	122,500
200,000	60,000	80,000	100,000	120,000	140,000
225,000	67,500	90,000	112,500	135,000	157,500
250,000	75,000	100,000	125,000	150,000	175,000
275,000	82,500	110,000	137,500	165,000	192,500
300,000	90,000	120,000	150,000	180,000	210,000
325,000	97,500	130,000	162,500	195,000	227,500
350,000	105,000	140,000	175,000	210,000	245,000
375,000	112,500	150,000	187,500	225,000	262,500
400,000	120,000	160,000	200,000	240,000	280,000
425,000	127,500	170,000	212,500	255,000	297,500
450,000	135,000	180,000	225,000	270,000	315,000
475,000	142,500	190,000	237,500	285,000	332,500

Average Compensation ($)	Years of Participation in Pension Plans				
	15	20	25	30	35
500,000	150,000	200,000	250,000	300,000	350,000
525,000	157,500	210,000	262,500	315,000	367,500
550,000	165,000	220,000	275,000	330,000	385,000
575,000	172,500	230,000	287,500	345,000	402,500
600,000	180,000	240,000	300,000	360,000	420,000
625,000	187,500	250,000	312,500	375,000	437,500
650,000	195,000	260,000	325,000	390,000	455,000
675,000	202,500	270,000	337,500	405,000	472,500

Additional Information with Respect to Pension Benefits

The table below sets out, with respect to each Named Executive Officer, the years of participation as at October 31, 2008 as well as the projected years of participation at retirement in each of the plans, the annual estimated pension payable at retirement in accordance with average compensation recognized as at October 31, 2008, the annual cost to the Bank of retirement benefits for the 2008 fiscal year as well as the Bank's accrued benefit obligation as at October 31, 2008.

NEO	Years of Participation as at October 31, 2008 (Officers' / Supplemental) (Note 1)	Projected Years of Participation at Retirement (Officers' / Supplemental) (Note 2)	Annual Estimated Pension Payable at Retirement ($) (Note 2)	Annual Cost of Retirement Benefits for 2008 Fiscal Year ($) (Notes 3 and 5)	Accrued Benefit Obligation as at October 31, 2008 ($) (Notes 4 and 5)
Réjean Robitaille	20.3 / 15.4	31.7 / 31.7	217,000	81,000	1,522,000
Robert Cardinal	17.7 / 20.7	20.9 / 23.9	127,000	69,000	1,082,000
Bernard Piché	29.6 / 32.6	30.5 / 33.5	178,000	74,000	1,938,000
Luc Bernard	6.9 / 3.8	18.9 / 18.9	75,000	39,000	234,000
François Desjardins	12.8 / 3.8	35.0 / 35.0	133,000	27,000	261,000

Note 1: Three years of participation in the Supplemental Plan are credited for each year accrued from the start of participation in the plan, up to the number of years of participation in the Officers' Plan.

Note 2: Assuming retirement at age 60 and taking into account the special arrangements entered into with certain Named Executive Officers as described below.

Note 3: The annual cost of retirement benefits represents the commuted value of retirement benefits accrued during the 2008 fiscal year.

Note 4: The accrued benefit obligation represents the commuted value of the retirement benefits for the years of participation up to October 31, 2008.

Note 5: The annual cost of retirement benefits as well as the accrued benefit obligation were calculated using the same assumptions as for the Bank's financial statements, including a discount rate of 5.75% and 7.5% for the fiscal years ending October 31, 2007 and October 31, 2008, respectively. Furthermore, a compensation increase rate of 3.5% has also been used. The assumptions used are described in Note 16 to the consolidated financial statements of the Bank for the 2008 fiscal year.

Additional notes:

- Amounts indicated above take into account retirement benefits provided by the Officers' Plan and the Supplemental Plan.
- In accordance with the terms of their indemnity plan in case of change of control, the Named Executive Officers will continue to accumulate retirement benefits during the period covered by the termination indemnity.
- In accordance with Canadian generally accepted accounting principles, the amounts indicated above do not take into account the different tax treatment applicable to benefits not provided by the registered retirement plan (Officers' Plan).
- The amounts indicated above are estimated amounts based on assumptions which represent contractual entitlements that may change over time. The method used to determine estimated amounts will not be identical to the method used by other issuers and as a result the figures may not be directly comparable across companies.

Mr. Cardinal will retire on February 1st, 2009. He ceased to be Senior Executive Vice-President and Chief Financial Officer on January 5, 2009 and will act as advisor to the new Chief Financial Officer until January 31, 2009. At such date, Mr. Cardinal will have accrued 20.9 years of participation in the Supplemental Plan and 17.9 years of participation in the Officers' Plan. As per such participation, he will have acquired the right to a lifetime annuity of $95,822 starting on February 1st, 2009.

Special Agreements Entered Into with Certain Executive Officers

Mr. Robitaille entered into a special retirement agreement with the Bank under the terms of which the annual pension payable to him will be calculated in accordance with the provisions of the Officers' Plan and the Supplemental Plan, but shall not be less than $150,000 in the event that Mr. Robitaille terminates his employment contract or if the Bank terminates his employment contract for cause, and $225,000 if the Bank terminates his employment contract without cause.

Messrs. Cardinal and Piché are also covered by special retirement agreements. Under these agreements, Mr. Cardinal's years of participation in the Supplemental Plan between February 1st, 2004 and February 1st, 2007 and Mr. Piché's years of participation between November 1st, 2004 and November 1st, 2007, have been doubled.

Termination of Employment, Change in Responsibilities and Employment Contracts

Employment Contracts and Principal Employment Conditions

The Named Executive Officers entered into written employment agreements with the Bank. These agreements came into force on the date of the beginning of employment of each Named Executive Officer with the Bank, namely July 11, 1988 in the case of Mr. Robitaille, February 25, 1991 in the case of Mr. Cardinal, May 4, 1994 in the case of Mr. Piché, December 10, 2001 in the case of Mr. Bernard and June 3, 1991 in the case of Mr. Desjardins, and have been amended when necessary, including to reflect wage adjustments as described in the "Summary Compensation Table" above. All contracts are for an indefinite term.

Mr. Robitaille's employment contract provides for an indemnity of 24 months' base salary plus the average of annual bonuses paid in the three years preceding his termination if his employment is terminated by the Bank without cause. No indemnity is payable if his employment is terminated by the Bank with cause.

Messrs. Robitaille, Cardinal and Piché also entered into special retirement agreements which are described under the heading "Defined Benefit Pension Plan Disclosure" above.

The consequence of retirement and termination of employment on Options, SARs, RSUs and PSUs granted under the Bank's long-term incentive compensation plans are described in Schedule C of this Circular.

Indemnity in the Event of Change of Control

The Named Executive Officers are covered by an indemnity plan under which they are entitled to an indemnity of 18 months' base salary (24 months' in the case of Mr. Robitaille) plus the average of annual bonuses paid in the three years preceding their termination if their employment is terminated in the year following a change of control of the Bank. Specific provisions relating to the effect of termination on pension and other benefits are included in the indemnity plan.

The consequence of a change of control or privatization of the Bank on Options, SARs, RSUs and PSUs granted under the Bank's long-term incentive compensation plans are described in Schedule C of this Circular.

Report on Executive Compensation

Composition and Independence of the Committee

The Bank's Corporate Governance and Human Resources Committee is entirely composed of independent directors within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices*. The four members of the Committee (Messrs. Pierre Michaud (Chair), L. Denis Desautels, Carmand Normand and Ms. Isabelle Courville[1]) have a diversified and relevant experience in human resources management and the Board of Directors believes that they collectively have the required competencies and knowledge to carry out their mandate. No member of the Committee heads a public company.

The Committee follows a work plan providing for the review in the course of the year of all aspects of executive compensation in the course of the year. During the year, the members of the Committee met once without members of Management being present. Occasionally, the Committee is assisted in its work by external advisors. Market studies undertaken by external advisors are one of the elements taken into consideration by the Committee in establishing executive compensation, as further discussed below.

[1] Ms. Courville is member of the Committee since March 11, 2008. Ms. Ève-Lyne Biron was member of the Committee prior to that date.

Compensation Structure

The overall compensation of executive officers is made up of four components (base salary, short- and long-term incentive compensation and benefits plans) which are summarized as follows:

<table>
<tr><th>Component of Compensation</th><th>Type of Compensation</th><th>Subject Employees</th><th>Frequency</th><th>Elements of Analysis</th></tr>
<tr><td>Base salary</td><td>Cash</td><td>All employees</td><td>Reviewed annually</td><td>• Comparison with external market
• General contribution
• Internal equity</td></tr>
<tr><td>Short-term incentive compensation</td><td>Cash bonus</td><td>Most employees</td><td>Paid annually</td><td>• Comparison with external market to establish the target and maximum bonuses
• Individual and corporate performance</td></tr>
<tr><td rowspan="2">Long-term incentive compensation</td><td>RSUs and PSUs</td><td rowspan="2">Vice-presidents and holders of more senior positions</td><td>Awarded annually</td><td>• Comparison with external market for the final expected value
• Individual and corporate performance</td></tr>
<tr><td>Options and SARs</td><td colspan="2">Granted on an ad hoc basis at the discretion of the Committee, taking into consideration among other things the Bank’s capacity to pay. Subject to certain exceptions, the Named Executive Officers are not eligible to SAR grants.</td></tr>
<tr><td>Benefits plans</td><td>Personal benefits, group insurance and pension plans</td><td>All employees (executive officers benefit from certain additional advantages, such as an additional health account, a supplemental pension plan and a change of control protection plan)</td><td>On a continuous basis</td><td>• Comparison with external market</td></tr>
</table>

The Committee ensures that overall compensation of executive officers is in large part linked to their contribution to the Bank’s long and short term financial results. To this end, the Committee has established incentive compensation programs based on pre-established criteria of individual and group performance. Thus, there exists a specific relationship between the Bank’s performance and executive compensation, as more fully described below. The relative emphasis placed by the Bank on short and long term incentive compensation increases with the hierarchical level of each executive officer and is explained below. In addition, the allocation of total compensation between fixed compensation and variable compensation for each of the Named Executive Officers is set out under the heading “Total Compensation and Holdings of Shares, Share Units, Stock Options and Stock Appreciation Rights” above.

The Committee gives particular attention to the compensation of the Bank's President and Chief Executive Officer. Market studies are examined and the Committee ensures that the President and Chief Executive Officer is adequately compensated in comparison with the chief executive officers of other Canadian financial institutions, with due consideration for the relative size of the Bank. In particular, to establish the President and Chief Executive Officer’s overall compensation, the Committee took into consideration his entire compensation and shareholding over the last three years

At the end of 2007 fiscal year, a compensation study covering all vice-presidents of the Bank was conducted by the firm Towers Perrin. The Committee took into consideration the conclusions of the study to establish the executive compensation for the 2008 fiscal year. The total fees paid by the Bank for all services rendered by Towers Perrin to the Bank during the 2008 and 2007 fiscal years are as follows:

External Advisor	2008 ($)	2007 ($)
Towers Perrin	168,618 (Note 1)	68,010

Note 1: These fees include the fees related to the compensation study mentioned above. In 2008, Towers Perrin did not provide services to the Bank other than services related to executive compensation.

Each component of overall executive compensation, including the compensation of the President and Chief Executive Officer, as well as the shareholding requirements, are commented upon in further detail hereinafter.

Base Salary

At the beginning of each year, the Committee reviews the base salary of the Bank's executive officers, taking into consideration their responsibilities and general contribution as well as market data. For the 2008 fiscal year, the Committee granted base salary increases to the Named Executive Officers, as disclosed in the "Summary Compensation Table".

Mr. Robitaille's base salary was set at $552,000 as at January 1st, 2008. According to the Towers Perrin compensation study mentioned above, the base salary of Mr. Robitaille was previously below the median of salaries offered for a comparable position in the reference market comprising approximately 40 businesses in the banking and financial sector, with due consideration to the relative size of the Bank. The increase reflects the position's competitive value and the abilities Mr. Robitaille has demonstrated so far.

Short-term Incentive Compensation

The short-term incentive compensation program was approved by the Committee at the beginning of the 2008 fiscal year. It applies to most employees of the Bank, including executive officers. The main purpose of the program is to recognize the attainment of personal yearly objectives as well as the Bank's short term performance.

The bonus under the short-term incentive compensation program takes into account three elements and is calculated as follows:

Target Bonus X Financial Performance Factor X Individual Performance Factor

The *Target Bonus* represents a percentage of base salary established according to the hierarchical level of each officer and varies from 45% of annual salary for an executive vice-president to 75% in the case of the President and Chief Executive Officer.

The *Financial Performance Factor* is based on the Bank's return on common shareholders' equity. It is established by the Committee at the beginning of the year in relation to the Bank's financial objectives for the year. For the 2008 fiscal year, the Financial Performance Factor was established as follows:

Return on Common Shareholders' Equity for the 2008 Fiscal Year (%)	Applicable Financial Performance Factor (Note 1)
Less than 8.0	0.0
9.0	0.5
10.0	1
12.0 and more	1.5

Note 1: A linear interpolation is used to determine the Financial Performance Factor when the return on common shareholders' equity falls between two levels.

In the event that the return on common shareholders' equity was above 8.0 but below 9.0, the program allowed for the payment of bonuses to the best performing employees. However, the Named Executive Officers were not entitled to receive a bonus if the return on common shareholders' equity was below 9.0.

For the 2008 fiscal year, the Bank's return on common shareholders' equity reached 11%. Consequently, the bonus payable under the Bank's short-term incentive compensation program was calculated with a Financial Performance Factor of 1.25.

To establish the *Individual Performance Factor*, each executive officer (with the exception of the President and Chief Executive Officer) agrees at the beginning of the year with the President and Chief Executive Officer on objectives for his or her sector. At year end, the degree of attainment of these objectives is reported to the President and Chief Executive Officer, who then submits a written evaluation of the officer's performance to the Committee. The recommendations of the President and Chief Executive Officer regarding the officer's evaluation and the setting of his or her objectives for the ensuing year are then discussed and a decision is made by the Committee. As for the President and Chief Executive Officer, the setting of his objectives as well as his evaluation are undertaken by the Committee, in consultation with the Board of Directors. The Individual Performance Factor may vary from 0.5 to 1.5.

In setting the Individual Performance Factor of the President and Chief Executive Officer for the 2008 fiscal year, the Committee considered the attainment of the Bank's financial objectives. All of the Bank's financial objectives for the 2008 fiscal year were surpassed, as more fully described in the Management's Discussion and Analysis for the fiscal year ended October 31, 2008 included in the Bank's 2008 Annual Report.

Except in circumstances where no annual bonus is payable, the amount of the annual bonus paid to Named Executive Officers under the short-term incentive compensation program can vary from 25% to 225% of the Target Bonus, depending on the Financial Performance Factor (which may vary from 0.5 to 1.5) and the Individual Performance Factor (which may vary from 0.5 to 1.5).

Although the Committee has authority to adjust bonus amounts if warranted by particular circumstances, the bonuses for the 2008 fiscal year paid to the Named Executive Officers, including to the President and Chief Executive Officer, were established according to the above criteria. The amount of bonuses paid to the Named Executive Officers for the 2008 fiscal year was approved by the Committee on December 4, 2008 and is disclosed in the "Summary Compensation Table".

Long-term Incentive Compensation

During the last years, a competitive compensation environment prompted the Bank to examine closely the value of the long-term compensation offered to the Bank's executive officers. In order to be able to attract, retain and mobilize its executive officers, the Bank has set up different incentive compensation plans. The purposes of the plans are to:

- attract qualified candidates;
- retain executive officers;
- motivate executive officer to carry out the Bank's strategic plan with success;
- encourage executive officers to create economic value for the Bank's shareholders;
- align the interests of executive officers with those of the Bank's shareholders.

These plans are described below. Furthermore, the principal terms and conditions of each of these plans are set out in Schedule C of this Circular.

Restricted Share Units (RSUs)

The Committee adopted in 2005 the *Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada*, which enables executive officers to convert 50% of their annual bonus in restricted share units of the Bank (this conversion is mandatory for the Named Executive Officers). The Bank contributes an additional amount equal to 60% of the portion of the annual bonus converted, which amount is also converted in restricted share units of the Bank. The number of RSUs awarded is based on the Share Price at the date of the award (as more fully described in Schedule C of this Circular). Each participant must elect at the beginning of the year whether he or she wishes to participate in the original version of the plan (under which accumulated amounts are paid at the expiration of a three-year period from the date of award) or the deferred version of the plan (under which accumulated amounts are paid at the time the officer leaves the Bank).

Since part of their bonus is put at risk, the Committee believes that this plan is more successful in mobilizing executive officers towards adopting behaviour that will create value for shareholders than traditional stock option plans or stock appreciation rights plans. The amount of RSUs awarded for the 2008 fiscal year to the Named Executive Officers is disclosed in the "Summary Compensation Table" above.

Performance Share Units (PSUs)

In order to ensure that the Bank remains competitive with respect to long-term incentive compensation, the Committee adopted in May 2007 a new long-term incentive compensation plan entitled *Performance Share Unit Plan for Senior Management of the Laurentian Bank of Canada*. The first awards under this plan were made during the 2008 fiscal year. PSUs are awarded based on a target percentage of the annual base salary of the executive officer (varying between 25% and 60% depending on the hierarchical level of the participant) and an award factor determined annually by the Committee (to ensure that the number of units awarded takes into account the maximum number of units that may vest in the event that the performance objective is surpassed as described below). The number of PSUs awarded is determined based on the Share Price at the date of the award (as more fully described in Schedule C of this Circular). In order to encourage retention and performance, 50% of the units awarded will vest if the executive officer is still employed with the Bank three years later and the other 50% of the units will vest if the Bank reaches at the end of the three year performance period a performance objective approved by the Committee at the time of award. For purposes only of the Plan, the Committee has set the performance objective at an average return on common shareholders' equity over the initial three year performance period of 11.17%, the minimum objective at 10.05% (being 90% of the performance objective) and the maximum objective at 13.96% (being 125% of the performance objective). The total number of units vested will vary according to the degree of attainment of the performance objective, up to the maximum objective. However, if the minimum objective is not reached, units related to performance will not be redeemable and will be cancelled. Furthermore, each participant must elect at the beginning of the year whether he or she wishes to participate in the original version of the plan (under which accumulated amounts are paid at the expiration of a three-year period from the date of award) or the deferred version of the plan (under which accumulated amounts are paid at the time the officer leaves the Bank).

The amount of PSUs awarded for the 2008 fiscal year to the Named Executive Officers is disclosed in the "Summary Compensation Table" above.

Stock Options and Stock Appreciation Rights (SARs)

The Bank also has a *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries* (the creation of which was approved by the shareholders at the annual meeting held on January 24, 1992) as well as a *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*, which was adopted in 1995. Although these plans are part of overall executive compensation, they are used on an occasional basis only and any grant is at the Committee's discretion. The relative importance of these plans continues to decrease as the RSU and PSU plans are instituted. Subject to certain exceptions (for example, at the time of the hiring a candidate or in the event of an exceptional financial situation), the Committee does not grant SARs to the Named Executive Officers. The Committee nevertheless periodically reviews overall incentive compensation plans applicable to the executive officers.

Personal Benefits, Group Insurance Plan, Protection Plan in Case of Change of Control and Pension Plans

The Committee believes that the personal benefits, group insurance plans, protection plan in case of change of control and pension plans applicable to senior management are generally comparable to market practice. Additional information on these elements of the overall compensation of the Named Executive Officers are to be found in the "Summary Compensation Table" as well as under the headings "Defined Benefit Pension Plan Disclosure" and "Termination of Employment, Change in Responsibilities and Employment Contracts" above.

Minimum Shareholding Requirements

In order to foster long-term mobilization of the Bank's executive officers, the Committee adopted in 2007 the following minimum holding requirements for the Bank's shares (including RSUs and PSUs, but excluding Options and SARs):

Level	Minimum Requirement
President and Chief Executive Officer	3 x salary
Executive Vice-President	1.5 x salary
Senior Vice-President	1 x salary

No time limit is attached to the minimum shareholding requirement. The level of shareholding of the Named Executive Officers is indicated under the heading "Total Compensation and Holdings of Shares, Share Units, Stock Options and Stock Appreciation Rights" above.

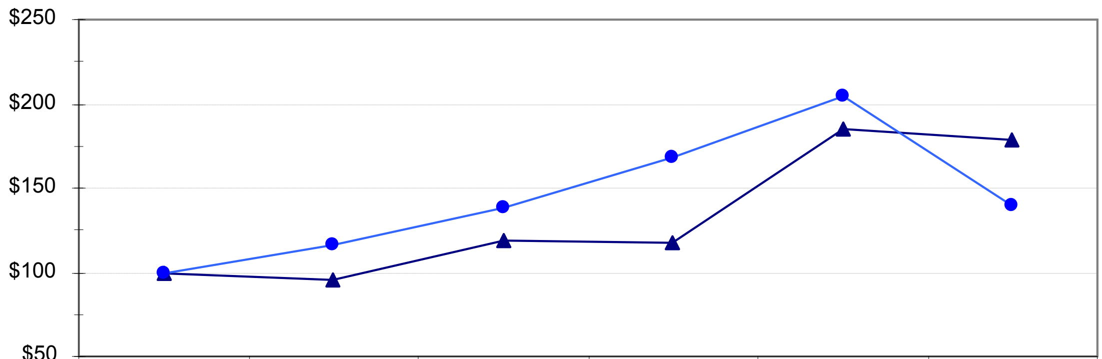
The Committee Chair as well as the Chairman of the Board of Directors of the Bank will be available at the annual shareholders' meeting to answer any questions concerning executive compensation.

SUBMITTED BY: Pierre Michaud, Chair
Isabelle Courville
L. Denis Desautels
Carmand Normand

Performance Graph

The following graph compares the total cumulative shareholder return for $100 invested in common shares of the Bank on October 31, 2003, assuming reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index from the Toronto Stock Exchange for the last five fiscal years.

Cumulative Return



	2003	2004	2005	2006	2007	2008
Laurentian Bank	$100	$96	$119	$118	$185	$178
S&P/TSX	$100	$116	$138	$168	$204	$140

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2008	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2008 ($)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) as at October 31, 2008
Equity compensation plans approved by securityholders (Note 1)	127,328	27.52	124,962
Equity compensation plans not approved by securityholders	-	-	-

Note 1: Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries. The principal terms and conditions of this plan are set out in Schedule C of this Circular.

PART D – INFORMATION ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Other than Mr. Réjean Robitaille, 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 *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors. The Chairman of the Board, Mr. L. Denis Desautels, is an independent director.

The Board of Directors, through its Human Resources and Corporate Governance Committee, periodically analyses its composition and while doing so, determines whether directors are independent or not. The Board of Directors follows a practice to appoint independent directors, except for the President and Chief Executive Officer of the Bank. Furthermore, the relationships of any proposed nominee with the Bank or its subsidiaries are assessed before appointing a new director.

Generally, independent directors meet without members of Management being present at the end of all regular Board meetings, as indicated in Schedule B of this Circular

Certain members of the Board of Directors are also directors of other reporting issuers. This information is presented under the heading “Election of Directors” of this Circular.

Schedule B of this Circular presents the attendance record of each director at the Board and committee meetings held during the last completed fiscal year of the Bank as well as the number of meetings of the Board of Directors and of each committee held without members of Management being present.

BOARD MANDATE

The text of the functions of the Board of Directors of the Bank is set out in Schedule D of this Circular.

POSITION DESCRIPTIONS

The Board of Directors has developed a written position description for the Chairman of the Board, Vice-Chairman of the Board and Chair of a committee of the Board, as well as for the President and Chief Executive Officer. The text of these position descriptions is set out in Schedule D of this Circular.

ORIENTATION AND CONTINUING EDUCATION

Every new director is mentored by a more experienced member of the Board of Directors and is matched up with a member of Management to ensure that he or she has access to all the information he or she may require. Meetings with the Chairman of the Board and with the President and Chief Executive Officer are also organized. Each new director also receives documentation and attends an information session to familiarize himself or herself with the Bank and with his or her duties and responsibilities as director.

Furthermore, an information manual is provided to each director and is regularly updated. Most meetings of the Board of Directors include presentations on topics of interest to the directors. Directors are also invited to attend seminars, at the Bank’s expense.

ETHICAL BUSINESS CONDUCT

Integrity is a core value of the Bank which is fully endorsed by the Board of Directors. This value is notably conveyed through the codes of ethics. On recommendation of the committees, the Board of Directors approves the employees’ Code of Ethics, the Code of Ethics for Service Providers, the Privacy Code as well as the Code of Conduct for the directors of the Bank. These codes are revised annually. The complete text of the employees’ Code of Ethics and the Code of Conduct for the directors is available on SEDAR (www.sedar.com). Any serious breach thereof is reported to the Risk Management Committee.

In order to appropriately deal with any situation that may create a conflict of interest, Section 18 of the directors’ Code of Conduct provides that directors may not participate in any Board or committee discussions regarding such a situation and may note vote on any question relating thereto.

NOMINATION OF DIRECTORS

The Human Resources and Corporate Governance Committee, made up entirely of independent directors, is responsible for proposing director nominees to the Board of Directors. The selected candidates usually fulfill at least one expertise requirement of the Board of Directors in a strategic field of interest for the Bank. To this end, the Committee maintains a chart setting out the competencies and skills that the Board should possess and evaluates each member against them. Thus, the Committee may favour candidates in accordance with the most sought after competencies and skills. Various other selection criteria are also applied, such as geographic distribution and gender ratio. The Committee strives to increase the Board’s representativeness and diversity.

COMPENSATION

The Human Resources and Corporate Governance Committee is among other things responsible for establishing the compensation of the officers of the Bank and its report on this matter is presented under the heading "Report on Executive Compensation" of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, ensures that directors' remuneration is adequate and competitive. Information regarding compensation of directors is available under the heading "Compensation of Directors" of this Circular.

OTHER BOARD COMMITTEES

Besides the Human Resources and Corporate Governance Committee, the Board of Directors of the Bank has two other committees, namely the Audit Committee and the Risk Management Committee. The mandates of the three committees are set out in Schedule D of this Circular. All committees are composed exclusively of independent directors. Although the President and Chief Executive Officer and certain other officers of the Bank attend committee meetings, members meet regularly without members of Management, as indicated in Schedule B of this Circular. In addition, the Audit Committee and the Risk Management Committee regularly meet in private with the officers in charge of the surveillance functions (Internal Audit, Integrated Risk Management and Compliance).

The reports of the committees on their work during the last completed fiscal year are provided in Schedule E of this Circular.

Further information regarding the Audit Committee can be found in Section 11 of the Annual Information Form of the Bank dated December 5, 2008.

ASSESSMENTS

The Board of Directors has adopted a process intended to assess its efficiency along with the contribution of its members. The Human Resources and Corporate Governance Committee has been entrusted with applying this process. Before reviewing each year the composition of the Board of Directors, the Committee evaluates the contribution of the directors to the Board of Directors and its committees. Furthermore, each director completes an evaluation questionnaire of the Board of Directors and of its committees and completes his or her own self-assessment. The Chairman of the Board then meets with each director individually to discuss the results, and improvements can be brought when required.

Further information on the Bank's corporate governance practices can be found in the "Corporate Governance" section of the Bank's 2008 Annual Report.

PART E – 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 executive officers, directors, employees and former executive officers, directors and employees of the Bank or any of its subsidiaries as at December 31, 2008.

	Aggregate Indebtedness ($)	
Purpose	To the Bank or its Subsidiaries	To Another Entity
Share Purchase	28,151	0
Other	116,770,964	0

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 most recently completed fiscal year of the Bank 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 ($)	Amount Outstanding as at December 31, 2008 ($)	Financially Assisted Securities Purchases During Most Recently Completed Fiscal Year	Security for Indebtedness (Securities Purchase Programs Only)	Amount Forgiven During Most Recently Completed Fiscal Year ($)
Luc Bernard Executive Vice-President, Retail Financial Services and SMEs	Bank (lender)	143,150 (Note 1)	95,130	-	-	0
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer	Bank (lender)	144,512 (Note 2)	383,759	-	-	0

Note 1: Lines of credit at base rate; personal loan, interest rate at 6.375%; credit card balance, interest rate at 9.75%.

Note 2: Line of credit at base rate + 1%; line of credit at base rate; credit card balance, interest rate at 9.75%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank subscribes for liability insurance for the benefit of its directors and officers and those of its subsidiaries, as a group. The limit of such insurance, which expires on December 1st, 2009, is $50,000,000. The deductible is $1,000,000 per event. The yearly premium is $327,297.

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 the Bank or one of its subsidiaries in which a proposed nominee for election as director, a director or officer of the Bank or of one of its subsidiaries or their respective associates or affiliates had an interest, direct or indirect.

RULES OF ORDER

A code of procedure was used at the last annual meetings of shareholders in order to specify shareholders' rights and facilitate deliberations at the Meeting. This code will be used again this year. Schedule F of this Circular contains the text of this code.

SHAREHOLDERS' PROPOSALS

Shareholders wishing to have a proposal included in the next management proxy circular of the Bank must provide the text of such proposal to the Secretary of the Bank at the latest on October 15, 2009.

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on March 11, 2008 was mailed to shareholders together with this Circular.

ADDITIONAL INFORMATION

The Bank's financial information is provided in the Bank's comparative financial statements and Management's 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 at www.laurentianbank.ca. Shareholders may contact the Bank's Secretary in writing at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec H3A 3K3 to obtain free of charge copy of the Bank's financial statements and Management's Discussion and Analysis or of any other document available on SEDAR's web site which is mentioned in this Circular. The head office of the Bank is located at 1981 McGill College Avenue, Montreal, Quebec H3A 3K3.

DIRECTORS' APPROVAL

The Board of Directors of the Bank approved the contents of this Circular and the sending of it to each shareholder entitled to receive the Notice of Meeting, to each director, to the auditor of the Bank and to the appropriate regulatory authorities.

Lorraine Pilon
Secretary

Montreal, Quebec, January 13, 2009

SCHEDULE A

SHAREHOLDER'S PROPOSALS

The Bank received five proposals from a shareholder, Mouvement d'éducation et de défense des actionnaires (MEDAC). The text of these proposals and the shareholder's declarations, translated from French, are reproduced below in their entirety. The recommendations of the Board of Directors are also indicated below.

PROPOSAL No. 1 Framework for long-term incentive compensation plans in the event of a change of control

It is proposed that the Board of Directors adopt a policy providing that, in the event of a change of control, officers who benefit from a variable compensation plan related to the Corporation's stock price can only realize the proceeds at the average closing price of the stock during the fourth month prior to the announcement of the transaction.

Argument

In August 2007, financier Thomas Caldwell deplored the impact that stock option plans could have on the sale of our Canadian companies. Variable compensation plans in stocks, options or their equivalent often contain provisions allowing for the immediate vesting of stock options if control of the company changes hands. This immediate vesting provision can be so attractive that these plans may become an incentive for officers and directors to actually seek out a change of control which is profitable for them, in the process disregarding the long-term interests of shareholders.

We are submitting this proposal in light of our observations of the evolution of the Canadian economy, with numerous Canadian companies changing hands due to the globalization of markets, the trend towards corporate consolidation, or the opportunity to realize significant short-term gains. We point to the results of a KPMG study on mergers and acquisitions published in 2003 indicating that only 34% of consolidations analyzed generated added value for shareholders and, in fact, that 31% resulted in lower value (*KPMG International, "Beating the Bears: Making Global Deals Enhance Value In the Millennium*", June 2003. http://www.kpmg.ca/cn/services/advisory/ta/bearMarket.html). Also particularly relevant is this observation by Institute for Governance of Private and Public Organizations President Yvan Allaire: "Merger and acquisition specialists often joke (among themselves) that a wave of mergers and acquisitions is but the prelude to a wave of sales to deconsolidate and simplify the same companies. This was the case with the irresistible global consolidation of the automobile industry, with Daimler now divesting itself of Chrysler and Ford of its European entities. Such was also the case with the inevitable media convergence involving Vivendi, AOL-Time Warner, BCE and others, whose various components were purchased at a high price, only to be subsequently resold, often at a loss. However, the companies involved in these purchase and resale operations are not left unscathed." (*Les Affaires*, July 14, 2007).

It is therefore important to ensure that such transactions are not initiated by the lure of short-term gain for officers and that the ultimate objective always be the achievement of long-term added value for all shareholders.

Recommendation of the Board of Directors

The Bank's Board of Directors pays particular attention to the design of compensation plans so as to ensure that the interests of Management are aligned with those of shareholders. We believe that it would not be well advised to have such interests diverge, particularly in the event of a takeover bid. The Board is of the opinion that shareholders are much better protected by creating an environment favourable to obtaining the best price possible.

In takeover bid situations, the persons best suited to decide whether to continue to support the business plan or sell their shares are the shareholders themselves. That is indeed what the law provides by giving them the ultimate decision as to the approval of such a transaction. Shareholders are therefore able to determine themselves whether a transaction was "initiated by the lure of short-term gain for officers".

It is also noteworthy that the directors of the Bank who are not part of Management hold no stock options. Their recommendation with respect to any such transaction would therefore not be influenced by a possible gain on the exercise of options.

Consequently, the Board of Directors does not believe it to be appropriate nor advisable to adopt this proposal and recommends voting AGAINST the proposal.

PROPOSAL No. 2 Consultative shareholder vote on compensation policy for senior management

It is proposed that the Board of Directors adopt a governance rule providing that the compensation policy for senior management be subject to a consultative shareholder vote.

Argument

Presently, shareholders cannot express their opinions on compensation policies for senior management (such as the proportion of variable salary and its value based on different scenarios of growth in stock price, sales or profits, as the case may be). Moreover, executive compensation levels are reaching new heights, much to the disbelief of even the most veteran observers. In fact, according to a survey conducted by McKinsey/HRI/CCGG (survey conducted by McKinsey & Co and HRI Corporation among 280 corporate directors and members of the Canadian Coalition for Good Governance in the Fall of 2004) in Canada, some 40% of directors believe that the compensation of CEOs is too high, and 65% of investors feel the same way. It is unacceptable to members of our Movement and a good number of citizens that the salaries of senior executives continue to grow exponentially, while those of the average employee are just barely keeping pace with inflation. Based on the results of another study carried out by the Canadian Centre for Policy Alternatives published at the beginning of 2008 that examined the compensation of the 100 highest paid public company CEOs, these CEOs are now earning 218 times more than the average salaried employee, compared to only 104 times a decade ago. Nothing can justify such a gap, and by all rights, the growing trend of the past few years must be curbed.

We recognize that determining the salaries of senior executives is the duty of the Board of Directors. That is why we are calling for a consultative vote ("Say on Pay") so that the Board can gauge the opinions of shareholders on its policy. Our strategic monitoring of this subject has revealed that, in several countries, rules have been adopted to provide shareholders with the right to examine the fundamental compensation policies and mechanisms for corporate executives. Since 2003 in the United Kingdom, and since 2004 in Australia, the compensation policy for listed companies has been subject to a consultative vote, while the Netherlands (2004), Sweden (2005) and Norway (2007) have all gone even further in making such a vote fully binding. This acknowledgement of the competence of shareholders in the area of compensation policy is underlined in the *Principles of Corporate Governance* published by the OECD.

We should add that such a proposal has received, in average in Canada, the support of 40.3% of shareholders at the latest bank annual general meetings in 2008. There is an opportunity at hand for the Corporation to demonstrate its sensitivity to the concerns of shareholders before such a policy is imposed by regulatory authorities.

Recommendation of the Board of Directors

At the Bank's last shareholders' meeting, the shareholder presented a similar proposal concerning prior approval by shareholders of the compensation policy for senior officers, which was rejected by 96.91% of votes cast.

The Board of Directors is of the opinion that circumstances have not changed since last year. As such, we reproduce below extracts from our recommendation that appeared in the January 17, 2008 Management Proxy Circular:

> "We understand that this proposal is in reaction to certain abusive compensation practices which made headlines in the past years. The Board of Directors of the Bank shares the shareholder's concerns in that respect, but believes that the Canadian corporate system is fundamentally sound and should not be called into question because of certain cases of abuse.
>
> In accordance with Canadian corporate laws, including the *Bank Act*, the Board of Directors, appointed by the shareholders, has the authority to fix the compensation of senior officers. If certain boards of directors perhaps did not exercise the necessary wisdom in establishing compensation in the past, it is the Board of Directors who is nevertheless the best suited to take informed business decisions in that regard, taking into account all circumstances and consequences, and who must ultimately answer for its decisions to the shareholders. It is not in the interest of shareholders to remove responsibility from the Board of Directors on questions of its competence.
>
> From a practical point of view, the Board of Directors must maintain a certain flexibility in terms of compensation in order to attract and retain first-class candidates in a competitive environment. It is difficult to conceive being able to obtain the approval of shareholders throughout the year for every change in the working or hiring conditions of a senior officer, or to obtain a "retroactive" approval at each annual meeting of shareholders. Such loss of flexibility is not to the advantage of the Bank and would render it less competitive.
>
> The Board of Directors of the Bank, supported by its Human Resources and Corporate Governance Committee, takes its role in matters of executive compensation very seriously as more fully disclosed in this Circular, which contains complete disclosure of the Bank's senior officers' compensation, and goes even further than regulatory requirements. The Board of Directors of the Bank considers that its compensation policy does not constitute an "excessive compensation system". It is, on the contrary, balanced in order to attract and retain officers on whom the

future of the Bank depends, while taking into account the competitive environment and financial situation of the Bank. The Board of Directors of the Bank is committed toward a continuous improvement of its compensation practices and disclosure.

The Board of Directors of the Bank is always attentive to the opinion of shareholders. If shareholders wish to ask questions or make comments regarding the compensation policy of the Bank, they have many ways to do so. In particular, the Chairman of the Board of Directors as well as the Chair of the Human Resources and Corporate Governance Committee are available during annual meetings of shareholders and the shareholders are encouraged to actively participate in these meetings. The expression of particular opinions by shareholders is actually much more useful to the Board of Directors than an advisory vote on compensation policies, which would give no indication on the real nature of the shareholders' concerns and would oblige the Board to speculate on the reasons behind the shareholders' rejection of the compensation policy.

Another way by which shareholders may express their opinion is through their voting at the election of directors. The Bank uses cumulative voting for the election of directors since 1993. For cumulative voting, the shareholders have the right to cast a number of votes equal to the number of votes attached to their shares, multiplied by the number of directors to be elected, and the votes may be distributed among one or several of the proposed nominees in any manner. Shareholders can therefore express their disagreement by withholding their vote with respect to certain nominees and by distributing their votes among other nominees. This year, the Board of Directors also adopted a majority voting policy under which a nominee for election as director who would not receive the required minimum number of votes at the annual meeting of shareholders would be required to immediately tender his or her resignation. This policy further strengthens shareholder involvement. Further details with respect to the majority voting policy can be found under the heading "Election of Directors" of this Circular."

Consequently, the Board of Directors does not believe it to be appropriate nor advisable to adopt this proposal and recommends voting AGAINST the proposal.

PROPOSAL No. 3 Presence of women on boards of directors

In view of the fact that both women and men now possess the competencies and diversified experience required of a corporate director, it is proposed that the Board of Directors adopt a policy providing that 50% of new nominees for election as directors be women until gender parity is achieved.

Argument

In October 2007, a study conducted by *Catalyst* (*Catalyst*, *"The Bottom Line: Corporate Performance and Women's Representation On Boards".* October 2007. *Catalyst* is an American non-profit organization dedicated to supporting women in the realization of their professional plans.) among the 500 largest American companies found that those with the greatest number of women on their boards posted the best profitability and sales figures. Although the number of women graduates from our academic institutions has continued to grow over the past 30 years, few organizations have achieved gender parity on their boards and senior management teams. In fact, the proportion of female board members has been stagnating at approximately 10% for the last 20 years. And yet, women today constitute a critical mass of talent in areas as diverse as finance, international trade, good governance, risk management, compensation and other fields of Board responsibility. As such, we are depriving ourselves of a vital pool of skills and varied qualities, as well as of a broader perspective on the technological, financial and social issues that companies are currently facing and will be increasingly facing in the future.

Some companies have adopted a policy aimed at promoting the appointment of female nominees when Board positions become vacant in order to achieve a better balance. Unfortunately, these organizations are in the minority. While we salute this sensitivity to the problem of under-representation of women on boards of directors, we are calling for a more solid commitment from the Corporation by adopting the aforementioned policy so as to attain equal representation on the Board.

Recommendation of the Board of Directors

At the Bank's last shareholders' meeting, the shareholder presented an almost identical proposal, which was rejected by 94.84% of votes cast.

The Board of Directors is of the opinion that circumstances have not changed since last year. As such, we must reiterate our position by repeating our recommendation that appeared in the January 17, 2008 Management Proxy Circular:

"Firstly, the Bank completely agrees that parity among women and men on the Board is desirable. In general, the Bank believes that a diversified Board (in terms of expertise, sex, age and geographic origin) and representative of its market is an asset. The Board of Directors of the Bank has set for itself the objective to increase the representativeness and the diversity of the Board. To that effect, it should be noted that the Board of Directors of

> the Bank currently includes four women among thirteen members (equal to 31%), which makes it a leader among Canadian financial institutions. That being said, the Bank's first concern is to propose to the shareholders the election of a qualified Board of Directors which is able to efficiently supervise the management of the Bank. Under current conditions, many difficulties are already encountered when it comes to hiring quality directors in the areas of expertise where the Bank has the most pressing needs. The addition of rigid rules with respect to the composition of its Board will only make this task more difficult."

It should be noted that, once again this year, four nominees for election as directors are women. The Bank did not require any coercive policy to arrive at this proportion, which is among the highest in the industry, and we have no reason to believe that this proportion will not be maintained or increased in the future. However, it would not be to the Bank's advantage to turn down a nominee having the sought after competencies and expertise simply to maintain gender equality among its members.

Consequently, the Board of Directors does not believe it to be appropriate nor advisable to adopt this proposal and recommends voting AGAINST the proposal.

PROPOSAL No. 4 Independence of compensation committee members and external compensation consultants

It is proposed that the Board of Directors adopt the same independence policy for the members of the Compensation Committee and external compensation consultants as is in place for the members of the Audit Committee and external auditors.

Argument

This proposal is aligned with best practices advocated by the Canadian Coalition for Good Governance, as well as the Institute of Corporate Directors (ICD) Blue Ribbon Commission. This formal independence would reassure shareholders as to the independence of the Committee in developing a compensation policy for senior officers. The policy should include the following principles:

- the process for the selection of compensation consultants is the responsibility of the Compensation Committee, which is the client;
- the consultant(s) retained earn the majority of the fees paid by the company from their consulting mandate with the Compensation Committee;
- all fees so paid are disclosed in the proxy circular;
- the Chief Executive Officer does not participate in the selection of Committee members nor in the work of the Committee;
- two-thirds of Committee members are not CEOs;
- deliberations concerning compensation of senior officers are conducted in their absence.

Moreover, management's proxy circular should include an attestation from the Committee members that the policy was followed, and in the event of a departure therefrom, pertinent explanations should be offered.

This proposal takes into account the difficulty of establishing a compensation policy for senior officers that is at once motivating, effective and fair. It is in that sense that we wish the Compensation Committee to have the same prerogative as the Audit Committee. Similarly, compensation consultants retained for this mandate should have the same degree of independence towards senior management as the external auditors. As noted in the ICD Blue Ribbon Commission's report, "The executive compensation and board-related work actually represents a relatively small part of their overall fee from any given corporate client. Thus, our recommendation is a representation of best practice and calls for the separation of board work from pension and other work, to ensure independence. (Institute of Corporate Directors Blue Ribbon Commission on the Governance of Executive Compensation in Canada – Final Report. June 2007, p. 40)".

The issue of senior management compensation is particularly important in light of the fact that even the most seasoned observers are astonished by the amounts being earned. In order for a significant change to occur, Committee members must be provided with the conditions required to be genuinely independent and to have access to consultants who, in turn, are independent of management. We should point out that the measures implemented to increase the independence of audit committees have borne fruit.

Recommendation of the Board of Directors

The Board of Directors believes that the measures already in place at the Bank are sufficient to guarantee that decisions respecting compensation of senior management are made entirely independently.

Firstly, the Board adopted a mandate for the Human Resources and Corporate Governance Committee providing that all members must meet the independence requirements it has established, including the requirements of *National Instrument 58-101 – Disclosure of Corporate Governance Practices*.

Furthermore, as described in the Report on Executive Compensation in this Circular, the establishment of executive compensation follows a rigorous process that ensures independence of decisions. The Committee receives from the President and Chief Executive Officer his evaluation of the attainment by each member of the Management Committee of his or her previously set objectives, as well as his recommendations concerning their compensation. Furthermore, the President and Chief Executive Officer submits to the Committee his own self-assessment. Based on the foregoing and with the aid of market data provided by an external firm, the members of the Committee discuss, without the presence of Management, the compensation of executive officers. The Committee also recommends to the Board the overall compensation of the President and Chief Executive Officer. The Board in turn determines such compensation and approves his objectives for the year without the presence of Management.

As for the compensation consultant, he presents to the Committee on a regular basis compensation studies containing for the most part objective market data. The Board believes that the fees paid to the compensation consultant in 2007 and 2008 (which are disclosed in this Circular) do not represent a sufficiently large amount to conclude that his report is not objective. As mentioned above, the Committee does consider market data in the establishment of executive compensation. However, the Committee is in no way bound thereby and the Board and each of its committees may hire external consultants when needed, as provided in a policy to that effect adopted by the Board.

In light of the foregoing, the Board of Directors believes that although the measures currently in place at the Bank to ensure the independence of Committee members are closely aligned with the shareholder's recommendations, the part of the proposal concerning compensation consultants is not useful to the Bank and the overall process described above does not require any additional formal rules.

Consequently, the Board of Directors does not believe it to be appropriate nor advisable to adopt this proposal and recommends voting AGAINST the proposal.

PROPOSAL No. 5. Limitation of the number of mandates

It is proposed that the Board of Directors adopt a rule of governance limiting the number of boards on which any of its members can sit to four (4).

Argument

In order for a director to fulfill his/her role most effectively, he/she must be able to devote all the time required. Everyone recognizes the crucial role played by the members of the Board of Directors and agrees on the growing complexity of the world in which companies operate. One way of assuring the necessary availability of time and energy of a board member is to limit the number of mandates he or she can accept. Indeed, codes of good corporate governance have set a maximum number of mandates. In the United States, for example, the National Association of Corporate Directors (NACD) suggests that a CEO or other officer should not have more than one or two board mandates in addition to the one held within the corporation. For professional directors (whose sole vocation is to sit on boards of directors), this organization recommends five or six mandates. In the United Kingdom, the Combined Code advocates that a Chairman of the Board of a FTSE 100 corporation not have any mandates with any other corporation. In France, a director may not sit on more than five boards of corporations having their head office on French territory. For its part, the Share organization in Canada recommends withholding votes for directors who hold five mandates or more, or who are members of another corporation's management team.

Moreover, good governance practices call for a limited number of board members (9 to 11) and the implementation of various specialized advisory committees (governance, risk management, in addition to audit, human resources, compensation, etc.), thus increasing the tasks of each board member. The growing complexity of issues also demands more and more of the directors' time.

It is important that the Board of Directors acknowledge these realities and adopt a policy to restrict the number of mandates its members hold outside of the Corporation so as to ensure the efficiency of its directors.

Recommendation of the Board of Directors

We disagree with the shareholder's proposal in a number of respects. Firstly, the Bank's governance practices have evolved a great deal over the past few years towards practices aimed at providing the Board with the competencies required to meet the needs of the Bank, as well as ensuring a high level of independence and allowing for the assessment of the work of the Board and its committees. Any situation where a director would not meet performance or availability requirements would be examined by the Chairman of the Board who would take appropriate measures. These practices are much more related to the substance of directors' contribution to Board decisions than to criteria of form. The Board therefore sees no reason to deprive the Bank of the services of a well-performing director with the desired expertise and independence solely on the totally arbitrary basis that he or she sits on more than four boards.

Furthermore, the proposal does not specify whether it only addresses boards of public corporations or all boards. In the latter case, it would be disadvantageous to prohibit directors from sitting on the boards of non-profit organizations or private companies, as it is important for the Bank that its directors be experienced business people who are involved in their community.

Consequently, the Board of Directors does not believe it to be appropriate nor advisable to adopt this proposal and recommends voting AGAINST the proposal.

SCHEDULE B

SUMMARY OF ATTENDANCE
(for the Fiscal Year Ended on October 31, 2008)

Director	Attendance			
	Board of Directors	**Audit Committee**	**Risk Management Committee**	**Human Resources and Corporate Governance Committee**
Lise Bastarache	10 / 11	2 / 2	2 / 2	
Jean Bazin	10 / 11	5 / 5		
Richard Bélanger	11 / 11	5 / 5	5 / 5	
Ève-Lyne Biron	11 / 11	3 / 3		3 / 4
Isabelle Courville	10 / 11	1 / 2		2 / 2
L. Denis Desautels	11 / 11	5 / 5		6 / 6
Pierre Genest	11 / 11		5 / 5	
Georges Hébert *(Director until March 11, 2008)*	3 / 4		2 / 3	
Michel C. Lauzon *(Director since March 11, 2008)*	6 / 7		2 / 2	
Veronica S. Maidman *(Director until March 11, 2008)*	4 / 4		3 / 3	
Pierre Michaud	9 / 11			6 / 6
Carmand Normand	11 / 11			6 / 6
Jacqueline C. Orange *(Director since March 11, 2008)*	7 / 7	3 / 3		
Réjean Robitaille	11 / 11			
Jonathan I. Wener	9 / 11		4 / 5	

SUMMARY OF BOARD OF DIRECTORS AND COMMITTEE MEETINGS HELD

	Number of meetings held (including meetings without members of Management)
Board of Directors	11 (5)
Audit Committee	5 (4)
Risk Management Committee	5 (4)
Human Resources and Corporate Governance Committee	6 (1)

SCHEDULE C

COMPENSATION PLANS

Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada

Restricted Share Units Covered by the Plan - The RSUs are non-voting share units. The value of the RSUs at the time of the award is equal to the arithmetic average of the weighted average closing price of the Bank's common share on the Toronto Stock Exchange for the five trading days that precede the date on which the units are awarded (Share Price).

Eligibility - Level 9 vice-presidents and Executive level I, II, III and IV senior officers are eligible to participate in the Plan. The Human Resources and Corporate Governance Committee (the Committee) has the discretion to extend eligibility to other management and non-management employees, according to the circumstances and conditions deemed appropriate. Participation in the Plan is compulsory for Executive level III and IV senior officers. Participation is optional for all the other eligible employees.

Awards - Generally, the Committee will award units annually at the meeting of the Committee preceding the meeting of the Board of Directors of the Bank at which the Bank's annual financial results are approved, conditional upon a bonus being awarded under the short-term incentive compensation program. Each award shall be confirmed by a notice sent to the participant. The participant must contribute 60% (for Executive level I, II, III, IV senior officers) and 33% (for level 9 vice-presidents) of the annual bonus otherwise payable to the participant under the Bank's short-term incentive compensation program (Employee Share) and in recognition of the element of risk inherent to this conversion, the Bank undertakes to contribute an amount equal to 60% of the Employee Share (Employer Share). The total of these contributions will serve to establish the total number of RSUs to be awarded. The number of RSUs to be awarded to a participant, for a given year, shall be determined as per the following formula:

$$\frac{\text{Employee Share} + \text{Employer Share}}{\text{Share Price}}$$

Subject to the provisions below, the term of a RSU begins at the date of the award indicated in the letter of confirmation and ends at the first day of the opening of the window for insider trading that follows the approval by the Board of Directors of the Bank of the annual financial statements of the third year subsequent to the date at which the award was approved by the Committee (Payment Date). The term may not exceed the period ending December 31 of the third year following the date on which the Committee approved the award. The Committee has the discretion to award a different number of RSUs than the number provided above by the Plan and even decide to award no RSUs, to one, several or all participants, or modify the percentages provided in the definitions of Employee Share or Employer Share for a given year, as justified by circumstances, in taking into account the recommendations of the President and Chief Executive Officer.

Dividend Equivalents - The RSUs awarded under the Plan entitle the participants to dividend equivalents. The number of additional RSUs so awarded is determined by the result obtained by dividing the amount of dividend equivalents by the closing price of a common share of the Bank on the Toronto Stock Exchange on the last trading day preceding the date of payment of the dividend. The dividend equivalents linked to the Employer Share RSUs are subject to the same vesting rules that apply to the Employer Share RSUs.

Vesting of RSUs - The participant's Employee Share RSUs vest at the date of the award but can only be redeemed on the Payment Date. The participant's Employer Share RSUs vest only if he or she is an employee of the Bank at the Payment Date. Subject to the provisions below, any RSU that is not vested because a participant is not an employee of the Bank at the Payment Date, will be cancelled.

Redemption of RSUs - A participant can only redeem his or her RSUs if they are vested. Vested RSUs will be redeemed automatically on the Payment Date applicable to these RSUs. The redemption price of each RSU corresponds to the closing price of the Bank's common share established on the last trading day on the Toronto Stock Exchange preceding the Payment Date. Within ten days of the redemption of his or her RSUs, the participant will receive a cash payment equal to the redemption price multiplied by the number of RSUs redeemed. The payment will be reduced by the required statutory deductions.

Employment Termination, Retirement, Death or Disability - The RSUs awarded to a participant voluntarily terminating his or her employment (with the exception of termination for retirement) or being dismissed for just and sufficient cause by the Bank before the Payment Date will be treated as follows: i) Employee Share RSUs will be redeemed at the date of the employment termination. The redemption price of each RSU will correspond to the closing price of the Bank's common share established on the last trading day on the Toronto Stock Exchange preceding the date of termination; ii) the participant will lose his or her right to redeem all Employer Share RSUs.

When the Bank terminates the employment of a participant without just and sufficient cause, the participant dies or the participant suffers permanent or prolonged disability, RSUs will be treated as follows: i) Employee Share RSUs will be redeemed at the date of the employment termination. The redemption price of each RSU will correspond to the closing price of the Bank's common share established on the last trading day on the Toronto Stock Exchange preceding the date of termination; ii) the number of Employer Share RSUs will be adjusted proportionally to the number of days worked during the period. The resulting number of adjusted RSUs becomes the number of RSUs that will be redeemed at the date of termination. The redemption price of each RSU will correspond to the closing price of the Bank's common share established on the last trading day on the Toronto Stock Exchange preceding the date of termination.

When the participant takes his or her retirement, RSUs will be treated as follows: i) Employee Share RSUs will be redeemed at the date of the employment termination. The redemption price of each RSU will correspond to the closing price of the Bank's common share established on the last trading day on the Toronto Stock Exchange preceding the date of termination; ii) the number of Employer Share RSUs will be adjusted proportionally to the number of days worked during the period. The resulting number of adjusted RSUs becomes the number of RSUs that will be redeemed on the Payment Date and the redemption price will be established as provided under the heading "Redemption of RSUs" above.

Change of Control - If a participant's position is eliminated within a twelve-month period after a change of control of the Bank due to a reorganization, merger, restructuring, assignment, sale or other transformation of the Bank, the participant shall be entitled to vest all of his or her unvested RSUs, at the termination date. However, if the participant maintains a position equivalent to the position he or she held before the change of control, the vesting of the RSUs shall follow its normal course. This provision shall not apply if the participant's employment is terminated for just and sufficient cause.

Alterations of Share Capital - If a change occurs in the number of outstanding voting common shares of the Bank due to a payment of stock dividends, stock split, recapitalization, merger, consolidation, business combination, share-for-share exchange or any other similar change in the Bank's structure, the Committee shall carry out a fair readjustment of the number of RSUs awarded under the Plan and, if appropriate, of the value of these units. This readjustment shall be final and binding for the purposes of the Plan.

Privatization - If the Bank's common shares are subject to a public purchase offer resulting in the privatization of the Bank, the participant shall be deemed to have vested all the unvested RSUs on the date of the closing of the transaction that results in the privatization. The redemption price of the units shall be equal to the number of units times the price per share offered by the acquirer. The Payment Date shall be the date of closing of the transaction. However, this section shall not apply in the event that the Bank's shares are exchanged, in whole or in part, for the shares of a holding company or the shares of another company. In this case, the Committee shall proceed to an adjustment as provided in the preceding section.

Note: A deferred version of the Plan exists under which the Payment Date is the date on which the officer leaves the Bank.

Performance Share Unit Plan for Senior Management of the Laurentian Bank of Canada

Performance Share Units Covered by the Plan - The PSUs are non-voting share units. The value of the PSUs at the time of the award is equal to the arithmetic average of the weighted average closing price of the Bank's common shares on the Toronto Stock Exchange for the five trading days that precede the date on which the units are awarded (Share Price).

Eligibility - Executive level II, III and IV senior officers are eligible to participate in the Plan. The Human Resources and Corporate Governance Committee (the Committee) has the discretion to extend eligibility to other management and non-management employees, according to the circumstances and conditions deemed appropriate.

Awards - PSUs are awarded at the discretion of the Committee. Generally, the Committee will award PSUs annually at the meeting of the Committee preceding the Board meeting at which the Bank's annual financial results are approved. At the same time, the Committee must approve the performance objectives applicable to the PSUs and the expected degree of attainment (including the minimum, target and exceptional performance levels for each year of the three-year Performance Period) as well as the vesting percentages corresponding to each performance level. The number of PSUs to be awarded to a participant, for a given year, shall be determined as per the following formula:

$$\frac{\text{Participant's Annual Base Salary} \times \text{Target Percentage}}{\text{Share Price}} \times \text{Award Factor}$$

(The Target Percentage varies from 25% to 60% of annual base salary depending on the hierarchical level of the participant; the Award Factor is determined annually by the Committee to ensure that the number of units awarded takes into account the maximum number of units that may vest in the event that the performance objective is surpassed as described below)

The Committee has the discretion to award a different number of PSUs than the number provided by the formula above and even decide to award no PSU, to one, several or all participants for a given year, as justified by circumstances, in taking into account the recommendations of the President and Chief Executive Officer.

Dividend Equivalents - The PSUs awarded under the Plan entitle the participants to dividend equivalents. The number of additional PSUs awarded is determined by the result obtained in dividing the amount of dividend equivalent by the closing price of a common share of the Bank on the last trading day preceding the date of payment of the dividend. Dividend equivalents are subject to the vesting rules provided below.

Vesting of PSUs - Subject to the provisions below, the participant acquires the right to 50% of the PSUs awarded at the date at which the last financial results of the Bank that will serve to establish the degree of attainment of the objectives of a given Performance Period are approved by the Board of Directors of the Bank (Results Date) provided that he or she is an employee of the Bank at that date. Subject to the provisions below, the participant acquires the right to the other 50% of the PSUs awarded at the Results Date as a function of the degree of attainment of the objective(s) set by the Committee for the Performance Period and provided that the participant is still an employee of the Bank at that date. Subject to the provisions below, any PSU that is not vested because a participant was not an employee of the Bank at the Results Date or at the Payment Date, will be cancelled. The Committee, acting reasonably, has the discretion to modify the provisions of this section, including the modifications of performance levels and vesting percentages of the PSUs linked to performance.

Redemption of PSUs - A participant can only redeem his or her PSUs if they are vested and is still an employee of the Bank at Payment Date. The participant automatically redeems the value of his or her vested PSUs on the first day of opening of the window for insider trading that follows the three-year Performance Period applicable for these PSUs (Payment Date). The redemption price of each PSU corresponds to the closing price of the Bank's common share established on the last trading day before the first opening day of the window as provided above. Within ten days of the redemption date of his or her PSUs, the participant will receive a cash payment equal to the redemption price multiplied by the number of PSUs redeemed. The payment will be reduced by the required statutory deductions.

Employment Termination, Retirement, Death or Disability - A participant voluntarily terminating his or her employment (with the exception of termination for retirement) or being dismissed for just and sufficient cause by the Bank before the vesting date or at the Payment Date loses the right to all unvested PSUs. When the Bank terminates the employment of a participant without just and sufficient cause, the participant dies or the participant suffers permanent or prolonged disability, the number of unvested PSUs (linked to performance or not) will be adjusted proportionally to the number of days worked during the Performance Period. The resulting number of adjusted PSUs becomes the number of PSUs that are vested for the period. When the participant takes his or her retirement, unvested PSUs will be treated as follows: i) the number of PSUs awarded at the beginning of the Performance Period and for which the vesting is based on the passage of time will be adjusted proportionally to the number of days worked during such Performance Period. The resulting number of adjusted PSUs becomes the number of PSUs that are vested for the period; ii) the number of PSUs awarded at the beginning of the Performance Period and for which the vesting is based on performance will be adjusted proportionally to the number of days worked during such Performance Period. The resulting number of adjusted PSUs becomes the number of PSUs that are awarded for the period. The vesting of these adjusted PSUs will occur at the Results Date and redemption shall occur as provided under the heading “Redemption of PSUs” above

Change of Control - The effect of a change of control is the same as under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada, with required adaptations.

Alterations of Share Capital - The effect of alterations of share capital are the same as under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada, with required adaptations.

Privatization - The effect of privatization are the same as under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada, with required adaptations.

Note: A deferred version of the Plan exists under which the Payment Date is the date on which the officer leaves the Bank.

Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries

Shares Subject to the Plan - The shares which may be issued when options granted pursuant to the Plan are exercised are voting common shares of the Laurentian Bank of Canada (Shares). The shareholders of the Laurentian Bank of Canada determined that the maximum number of Shares which could be issued pursuant to the Plan would be 1,600,000. A beneficiary will not benefit from the rights of a shareholder of the Bank with respect to the Shares subject to the Options before he becomes the registered holder of these Shares.

Eligibility - All members of the Management Committee of the Bank are eligible as well as any other employee designated by the Committee.

Grants - The Committee designates, from time to time, among the eligible members of the management, those who will benefit of a grant. The Human Resources and Corporate Governance Committee (the Committee) determines the number of Shares subject to the grant as well as its effective date. Each grant bears the option to purchase a given number of Shares (Option). The number of Shares is established in relation with the market value and the base salary of the beneficiary as determined by the Committee. Each grant is witnessed by a letter addressed to the beneficiary who may hold more than one grant at any time. The grants are allowed at the Committee's discretion. Generally, the Committee will allow grants each year at the time of the revision of the salary of the participant. The Committee may, nonetheless, allow special grants at any time under circumstances deemed appropriate by the Committee. The value of the annual grants is determined in relation with the base salary of the participant. For a member of the Management Committee or an equivalent position within a subsidiary, the value of the annual grant will generally be equal to the following percentage of the annual base salary of the participant: President - 150%; Executive Vice-President - 100%; Senior Vice-President - 75%. The Committee may, nonetheless, allow annual grants of different value in view of special circumstances, and notably to account for special grants.

Subscription Price - The subscription price of each share which may be purchased at the exercise of the Option (Subscription Price) is determined by the Committee for each grant, but may not be less than 100% of the market value at the time of the grant. For the purposes of the Plan, the words "market value" mean the arithmetic average of the weighted average trading prices of the Shares negotiated on the Toronto Stock Exchange on the five days preceding the grant.

Exercise of the Option - Each option granted pursuant to an annual grant may be exercised in the following manner: no Share subject to the Option may be subscribed before the first anniversary of the grant date; not more than 25% of the total number of Shares subject to the Option may be subscribed before the second anniversary of the grant date; not more than 50% of the total number of Shares subject to the Option may be subscribed before the third anniversary of the grant date; not more than 75% of the total number of Shares subject to the Option may be subscribed before the fourth anniversary of the grant date; all Shares subject to the Option which have not been subscribed by the fourth anniversary of the grant date may be subscribed at any time thereafter but not later than the first of the following dates: the date of the expiry of the Option as determined by the Committee or the tenth anniversary of the grant. The Committee determines the manner in which Options granted pursuant to a special grant may be exercised.

Length of the Option - Each Option is effective for a period determined by the Committee but not exceeding ten years after the grant date, subject to the following conditions: (a) during the employment of the beneficiary, the latter may exercise his Options at the frequency and during the periods stipulated by the present Plan or by the Committee; (b) in case of death of the beneficiary, any Option acquired ends at the expiration date initially determined or twelve months after the death of the beneficiary, whichever is first. Within this period, the estate of the beneficiary may exercise the Options regarding which rights are acquired at the time of the death of the beneficiary; (c) upon retirement, the beneficiary may exercise all Options as rights are acquired but before the first of the following dates, either the December 31 of the third year following the year of retirement or the expiration of the grant established by the Committee; (d) if the beneficiary ceases to be employed by the Bank, for any reason other than death or retirement, any Option acquired expires 30 days after the date the beneficiary ceases to be employed by the Bank; (e) the Committee may, at its discretion allow all Options to be exercised, even if rights to these Options are not acquired and postpone the limit for the exercise of Options mentioned in paragraphs (b), (c) and (d), as long as this date is not later than the expiry date of the Option; (f) the Committee may, subject to the approval of the beneficiary, cancel a grant the Options of which have not been exercised. The beneficiary looses any right conferred by the Option if these rights have not been exercised before the expiry of the Option. All Shares which have been subject to Options which were cancelled or which have expired may be granted anew.

Change of Control - In the event of a change of control of the Bank resulting from a reorganization, a merger, a restructuring, a transfer, a sale or other transformation of the Bank, the beneficiary will be deemed to have acquired the right to exercise all the Options granted as of the date of the change of control. However, the present provision does not apply if the beneficiary's employment is terminated for a just and sufficient cause.

Alterations of Share Capital - If changes occur in the number of issued common voting Shares of the category contemplated by the Plan following a dividend paid in Shares, a share split, a merger, a consolidation or regrouping or exchange of Shares or any other similar modification in the structure of the Bank, the Committee will readjust equitably the Options granted pursuant to the Plan and, if needed, of the Subscription Price of the Shares. These adjustments will be final and mandatory for the purposes of the Plan.

Privatization - If the Shares of the Bank cease to be publicly traded on a stock exchange, notably because all the Shares would be owned by a sole owner, the beneficiary will be deemed to have acquired the right to exercise all the Options granted at the date of the privatization. This section does not apply however when the shares of the Bank are exchanged for the shares of a holding company or the shares of another company.

Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries

Eligibility - All members of the Management Committee and of the Planning Committee of the Bank are eligible as well as any other employee designated by the Committee.

Rights of Shareholders - Phantom shares granted to a participant or the right to the plus-value of those phantom shares do not entitle a beneficiary to any of the rights of a shareholder of the Bank.

Grants - The grants of phantom shares are allowed at the Committee's discretion. Generally, the Human Resources and Corporate Governance Committee (the Committee) will allow grants each year at the time of the revision of the salary of the participant. The Committee may, nonetheless, allow special grants at any time under circumstances deemed appropriate by the Committee. Each grant is witnessed by a letter addressed to the beneficiary indicating the number of phantom shares granted, the underlying value of the shares and the terms and conditions under which the plus-value of the phantom shares can be cashed. The value of the grants is determined in relation with the base salary of the participant. For a member of the Management Committee or of the Planning Committee or an equivalent position within a subsidiary, the value of the annual grant will generally be equal to 50% of the annual base salary of the participant, and to 75% in the case of Executive Vice-Presidents. For any other designated employee, the value of the annual grant will generally be equal to 30% of the annual salary of the participant. The Committee may, nonetheless, allow grants of different value in view of special circumstances. The number of phantom shares is determined according to the following formula:

$$\frac{\text{Base salary X Value of the grant}}{\text{Value of the phantom share at the time of the grant}}$$

Phantom Shares Plus-Value - A beneficiary acquires the right to the plus-value of the phantom shares granted to him in accordance with the provisions below. The plus-value of a phantom share at a given date is equal to amount by which the value of the phantom share at that date exceeds the value of the phantom share at the date of the grant. The value of a phantom share at the date of the grant is equal to the market value of a common share of the Bank at the date of the grant. For the purposes of the preceding sentence, the "market value" of a common share means the arithmetic average of the weighted average of trading prices of the shares negotiated on the Toronto Stock Exchange on the five trading days preceding the grant. The value of a phantom share at a date other than the date of the grant is equal to the market value of a common share of the Bank at that date. For the purposes of the preceding sentence, "market value" at a date means the arithmetic average of the closing prices of the shares negotiated on the Toronto Stock Exchange on the last trading day preceding that date when at least one share has been traded.

Acquisition of the Right to the Plus-Value - A beneficiary acquires the right to the plus-value of the phantom shares granted to him in the following matter: no right to the plus-value of a phantom share may be acquired before the second anniversary of the grant date; the plus-value of 25% of the total number of phantom shares granted is acquired on the second anniversary of the grant date; the plus value of a further 25% of the total number of phantom shares granted is acquired on the third anniversary of the grant date; the plus-value of a further 25% of the total number of phantom shares granted is acquired on the fourth anniversary of the grant date; the plus-value of all the phantom shares granted is acquired on the fifth anniversary of the grant date.

Exercise of the Right to the Plus-Value - A beneficiary can exercise his right to the plus-value of the phantom shares only when the right to that plus-value has been acquired. The right to the plus-value of a phantom share which has not been exercised on the tenth anniversary of the grant date is annulled and void.

Payment of the Plus-Value - When a beneficiary exercises his right to the plus-value of a phantom share, he is entitled to a cash payment equal to the plus-value of those phantom shares on the date on which the required form for the exercise of the right to the plus-value is received by the Secretary of the Bank. This payment, net of statutory deductions, is made to the beneficiary with all possible dispatch.

Termination of Employment - In case of death of the beneficiary, the estate of the beneficiary may exercise the right to the plus-value of the phantom shares which are acquired at the time of the death of the beneficiary, provided such exercise is made within one year of the death of the beneficiary. Upon retirement, the beneficiary may exercise his rights to the plus-value as rights are acquired but before the first of the following dates, either December 31 of the third year following the year of retirement or the tenth anniversary of the grant date. If the beneficiary ceases to be employed by the Bank, for any reason other than death or retirement, any acquired right to the plus-value of the phantom shares expires 30 days after the date the beneficiary ceases to be employed by the Bank. The Committee may, at its discretion allow all rights to the plus-value of the phantom shares to be exercised, even if those rights are not acquired and postpone the limit for the exercise of grants mentioned in this section, as long as this date is not later than the expiry date of the grant. The Committee may, subject to the approval of the beneficiary, cancel a phantom share of which the right to the plus-value has not been exercised. The beneficiary looses any right to the plus-value conferred by a phantom share if these rights have not been exercised before the expiry date of the grant.

Change of Control - In the event of a change of control of the Bank resulting from a reorganization, a merger, a restructuring, a transfer, a sale or other transformation of the Bank, the beneficiary will be deemed to have acquired the right to the plus value of all the phantom shares granted as of the date of the change in control. However, the present provision does not apply if the beneficiary's employment is terminated for a just and sufficient cause.

Alterations of Share Capital - If changes occur in the number of issued common voting shares of the Bank following a dividend paid in Shares, a share split, a merger, a consolidation or regrouping or exchange of Shares of any other similar modification in the structure of the Bank, the Committee will readjust equitably the number of phantom shares granted pursuant to the Plan. These adjustments will be final and mandatory for the purposes of the Plan.

Privatization - If the Shares of the Bank cease to be publicly traded on a stock exchange, notably because all the shares would be owned by a sole owner, the beneficiary will be deemed to have acquired the right to the plus-value of all the phantom shares granted as of the date of the privatization. This section does not apply however when the shares of the Bank are exchanged for the shares of a holding company or the shares of another company.

SCHEDULE D

FUNCTIONS AND MANDATES

Functions of the Board of Directors

In accordance with the *Bank Act* (Canada), the Board of Directors supervises the management of the Bank to ensure its profitability and development. The Board delegates to Management the day-to-day management of the Bank's activities. As part of its general responsibility of supervising the management of the Bank, the Board of Directors, in addition to carrying out its statutory obligations, exercises the following functions, directly or through its committees:

1. Strategic Functions

1.1 Adopt a strategic planning process;
1.2 Approve the strategic plan proposed by Management, question the underlying assumptions and principles, evaluate it periodically taking into account opportunities and risk, follow up on its implementation and encourage Management to bring changes thereto when required;
1.3 Approve the annual budget and business plans and follow up on their implementation;
1.4 Periodically review the organizational structure;
1.5 Approve important transactions outside the ordinary course of business and significant changes in orientation or strategy;
1.6 Adopt a dividend policy.

2. Human Resources Management Functions

2.1 Appoint and dismiss the President and Chief Executive Officer;
2.2 Outline a clear position description for the President and Chief Executive Officer;
2.3 Approve nominations for senior management positions;
2.4 Establish the objectives of the President and Chief Executive Officer, evaluate his/her performance and establish his/her compensation;
2.5 Approve the establishment of the objectives of the other members of senior management, their evaluation and their compensation;
2.6 Approve an overall compensation framework (including, among other things, incentive compensation and pension plans) for all officers and employees;
2.7 Establish a succession plan for senior management, particularly for the President and Chief Executive Officer;
2.8 Assure itself of the integrity of the President and Chief Executive Officer and the other members of senior management and that they create a culture of integrity throughout the Bank.

3. Oversight Functions

3.1 Identify the business's principal risks and ensure the implementation of systems capable of managing them appropriately;
3.2 Approve material policies, particularly those regarding risk identification and management;
3.3 Approve the Code of Ethics applicable to officers and employees and assure itself of its respect;
3.4 Oversee the integrity and quality of financial statements;
3.5 Assure itself of the respect of compliance rules;
3.6 Assure itself of the integrity and effectiveness of internal control and management information systems;
3.7 Recommend to the shareholders the appointment of the external auditor, assure itself of its competence, independence and the adequacy of its resources and approve its mandate;
3.8 Approve the selection of officers in charge of the internal oversight functions (Internal Audit, Integrated Risk Management, Compliance and Ombudsman), assure itself of their competence, independence and the adequacy of their resources;
3.9 Assure itself that Management adequately manages the risks relating to the pension plans offered to employees;
3.10 Meet with regulatory authorities, discuss their findings and recommendations and follow up thereon;
3.11 Periodically receive the report of the Ombudsman.

4. Corporate Governance Functions

4.1 Adopt applicable corporate governance rules;
4.2 Review the Board's membership, compensation and size;
4.3 Outline a clear position description for the Chairman of the Board and the Chair of each committee;
4.4 Adopt a Code of Conduct for the members of the Board and assure itself of its respect;
4.5 Ensure continuing training for the members of the Board;
4.6 Establish criteria to evaluate the independence of the members of the Board;
4.7 Assess the effectiveness of the Board and its members;
4.8 Ensure the recruitment of new Board members to be submitted to election by the shareholders and see to their orientation and integration.

5. Communication and Disclosure Functions

5.1 Approve the measures by which the shareholders and other stakeholders can communicate with the Bank;
5.2 Approve the financial information disclosure policy and assure itself of its respect;
5.3 Report to the shareholders on the Bank's performance.

Functions of the Chairman of the Board

The functions of the Chairman of the Board are:
1. Providing leadership to the Board and presiding its meetings;
2. Presiding the annual and special shareholders' meetings;
3. Ensuring that the Board efficiently discharges its duties;
4. Ensuring that the agenda of the Board meetings are adequately prepared and that important issues are discussed;
5. Ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials;
6. Directing Board discussions by fostering open but efficient exchanges;
7. Leading the periodical assessment of the performance of the Board, of its committees, and of its members individually;
8. Representing the organisation before different authorities; and
9. Acting as liaison between the Board and Management.

The Chairman of the Board is not a member of Management.

Functions of the Vice-Chairman of the Board

The functions of the Vice-Chairman of the Board are:
1. Assisting the Chairman of the Board in his functions and replacing him in case of absence or incapacity to act;
2. Representing the organisation before different authorities; and
3. Advising the President and Chief Executive Officer on the social and charitable involvement of the organisation.

The Vice-Chairman of the Board is not a member of Management.

Functions of the Chair of a Committee

The functions of the Chair of a committee are:
1. Providing leadership to the committee and presiding its meetings;
2. Ensuring that the committee efficiently discharges its duties;
3. Ensuring that the agenda of the committee meetings are adequately prepared and that important issues are discussed;
4. Ensuring proper flow of information to the committee, reviewing adequacy and timing of documentary materials;
5. Directing committee discussions by fostering open but efficient exchanges; and
6. Acting as liaison between the committee and the Board.

Functions of the President and Chief Executive Officer

In accordance with the *Bank Act* (Canada), the President and Chief Executive Officer is responsible for the day-to-day management and operations of the Bank. The primary obligation of the President and Chief Executive Officer is to faithfully discharge his or her duties. In doing so, the President and Chief Executive Officer must act honestly and in good faith with a view to the best interests of the Bank, while exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The functions of the President and Chief Executive Officer include:
1. Ensuring that the day-to-day business and affairs of the Bank are appropriately managed;
2. Maintaining a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
3. Developing and recommending to the Board of Directors a long-term strategy and vision for the Bank;
4. Developing and recommending to the Board of Directors business plans and annual budgets that support the Bank's long-term strategy;
5. Providing the Board of Directors and its committees with adequate information regarding the various subjects to be submitted to the Board;
6. Overseeing the preparation of accurate financial statements which comply with applicable accounting rules and applicable laws (GAAP and accounting rules specified by the Office of the Superintendent of Financial Institution (Canada)) and which, together with the other financial information included in the continuous disclosure documents of the Bank, fairly present the financial condition of the Bank;
7. Consistently striving to achieve the Bank's financial and operating objectives;
8. Implementing appropriate systems, policies or programs to:
   - identify and manage risks;
   - ensure compliance of the Bank's operations with applicable laws; and
   - ensure the integrity of the Bank's internal controls and management of information systems;
9. Ensuring continuous improvement in the quality and value of the products and services offered by the Bank;
10. Taking appropriate steps to allow the Bank to achieve and maintain a satisfactory competitive position;
11. Ensuring that the Bank has an effective management team, and has an active plan for its development and succession;
12. Formulating and overseeing the implementation of major corporate policies;
13. Maintaining a culture of integrity throughout the Bank; and
14. Serving as the chief spokesperson for the Bank.

The President and Chief Executive Officer reports to the Board of Directors.

Mandate of the Audit Committee

1. **Establishment** - The Audit Committee (the "Committee") is constituted by the Bank's Board of Directors in order to support it in exercising its oversight and communication and disclosure functions. The Committee reviews its mandate annually.

2. **Appointment and Membership** - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank. All Committee members must meet the independence requirements established by the Board and be financially literate as stipulated in *Multilateral Instrument 52-110 – Audit Committees*. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. **Compensation** - For their services, the members of the Committee receive the compensation established by resolution of the Board.

4. **Meetings** - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them. The Committee Chair, the President and Chief Executive Officer, the Chief Financial Officer, the officer in charge of Internal Audit and the external auditor can demand that a meeting be held. The external auditor receives notice of and may attend Committee meetings.

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

6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore. The external auditor, the officer in charge of Internal Audit and the officer in charge of Compliance may communicate directly with the Chair.

7. **Procedure** - The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.

8. **Powers of the Committee** - In carrying out its mandate, the Committee, if it deems appropriate, may:
   (a) call a meeting of directors;
   (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
   (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.

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

10. **Functions** - The Committee discharges its statutory obligations and exercises the following functions which are delegated by the Board as well as any other functions that may from time to time delegated to it by the Board:

    10.1 <u>Oversight Functions</u>

    With respect to the external auditor:
    10.1.1 Recommend to the Board the appointment or dismissal of the external auditor;
    10.1.2 Assure itself of the competence, independence and the adequacy of the resources of the external auditor, review and, if appropriate, approve its mandate and engagement letter and recommend its compensation to the Board;
    10.1.3 Assure itself of the competence and independence of the audit firm's partner in charge of the Bank's account and assure itself of his/her periodic rotation;
    10.1.4 Assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;
    10.1.5 Oversee the external auditor's activities and resolve all issues that may arise between the external auditor and Management;
    10.1.6 Periodically review the external auditor's performance;
    10.1.7 Establish criteria for any non-audit services that the external auditor may provide, including rules stipulating when advance approval by the Committee is required, and approve such services in advance when required;
    10.1.8 Review and, if appropriate, approve the hiring policies with respect to the partners and employees and former partners and employees of the current and former external auditors;

    With respect to financial statements and reports:
    10.1.9 Oversee the integrity and quality of financial statements and assure itself that the institution's accounting practices are prudent and appropriate;
    10.1.10 Discuss the quality of financial statements with the external auditor and assure itself that the financial statements fairly present the financial position, the results of operations and the cash flows of the Bank;
    10.1.11 Discuss the audit results, financial statements and related documents, audit report and any related concern of the external auditor with Management and the external auditor;
    10.1.12 Hold regular meetings with the external auditor, without Management present, to understand all issues that may have arisen during meetings between the auditor and Management in the course of the audit and how those issues have been resolved, and to determine the extent to which accounting practices being used by the Bank are appropriate relative to materiality of the item;
    10.1.13 Review the external auditor's recommendation letter which follows the annual audit and the corresponding follow-ups, material changes to accounting practices, the main value judgements on which the financial reports are based and how these reports are drafted;

10.1.14 Review the annual and quarterly financial statements, management's discussion and analysis and press releases regarding annual and quarterly results, the annual information form and any statement required by regulatory authorities prior to their publication and recommend their adoption by the Board, if appropriate;
10.1.15 Examine all investments and transactions likely to undermine the Bank's financial position that are reported by the external or internal auditor or an officer, including loans referred to in section 328 of the *Bank Act*, and meet with the external auditor to discuss them;
10.1.16 Recommend to the Board the declaration of dividends and review the related press release;
10.1.17 Review and, if appropriate, approve transfers of tax between the Bank and its affiliates;
10.1.18 Review and, if appropriate, approve the financial statements of the pension plans offered by the Bank to its employees;

With respect to the Internal Audit function:
10.1.19 Approve the selection of the officer in charge of Internal Audit and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate;
10.1.20 Assure itself that the internal audit activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
10.1.21 Assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;
10.1.22 Discuss with the officer in charge of Internal Audit his/her material findings and recommendations and follow up thereon;
10.1.23 Periodically review the performance of the officer in charge of Internal Audit;

With respect to internal controls:
10.1.24 Assure itself that Management implements appropriate internal control and management information systems, review, assess and approve such systems and assure itself of their integrity and effectiveness, including the elements comprised in any certification required by regulations;
10.1.25 Meet with the external auditor, the officer in charge of Internal Audit and Management to discuss the effectiveness of the implemented internal control and management information systems and the measures taken to rectify any material weaknesses and deficiencies;
10.1.26 Assure itself that Management implements procedures regarding the receipt, retention and handling of complaints received with respect to accounting, internal accounting controls or audit as well as regarding confidential anonymous submissions by employees on questionable accounting or audit matters, and review and, if appropriate, approve the policy on the handling of complaints and comments about suspicious accounting and audit-related activities and assure itself of its respect;

With respect to compliance:
10.1.27 Review and, if appropriate, recommend that the Board approves the compliance policy and assure itself of its respect;
10.1.28 Review and, if appropriate, approve the money laundering and terrorist financing policy and assure itself of its respect;
10.1.29 Approve the selection of the officer in charge of Compliance and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation;
10.1.30 Assure itself that the compliance activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
10.1.31 Discuss with the officer in charge of Compliance his/her material findings and recommendations and follow up thereon;

With respect to supervisory agencies:
10.1.32 Meet with regulatory authorities, discuss their findings and recommendations and follow up thereon.

10.2 <u>Communication and Disclosure Functions</u>

10.2.1 Review and, if appropriate, approve the ways by which the shareholders and other stakeholders can communicate with the Bank;
10.2.2 Assure itself that adequate procedures are in place to examine communication of financial information to the public excerpted or derived from financial statements, assure itself of their effectiveness, review and, if appropriate, approve the financial information disclosure policy and assure itself of its respect;
10.2.3 Report to the shareholders on the Bank's performance.

11. Reporting - The Committee reports on its activities to the Board of Directors, verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting. The Committee also reports yearly on its activities to the shareholders in the course of the annual shareholders' meeting.

Mandate of the Risk Management Committee

1. **Establishment** - The Risk Management Committee (the “Committee”) is constituted by the Bank’s Board of Directors in order to support it in exercising its oversight functions. The Committee reviews its mandate annually.

2. **Appointment and Membership** - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. **Compensation** - For their services, the members of the Committee receive the compensation established by resolution of the Board.

4. **Meetings** - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them. The external auditor receives notice of and may attend Committee meetings.

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

6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair’s absence, the members present may elect from their number a Chair pro tempore.

7. **Procedure** - The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.

8. **Powers of the Committee** - In carrying out its mandate, the Committee, if it deems appropriate, may:
   (a) call a meeting of directors;
   (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
   (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.

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

10. **Functions** - The Committee discharges statutory obligations in matters of conduct review and exercises the following functions which are delegated by the Board as well as any other functions that may from time to time delegated to it by the Board:

    10.1 Oversight Functions

    10.1.1 Assure itself that Management identifies the business’s principal risks and implements systems capable of measuring and adequately managing them and assure itself of the integrity and effectiveness of such systems;
    10.1.2 Review and, if appropriate, approve the overall risk philosophy and risk tolerance and recommend that the Board approves the policy on the integrated risk management framework;
    10.1.3 Review and, if appropriate, approve the other policies that form an integral part of the integrated risk management framework (except those which are the responsibility of another committee) and assure itself of their respect;
    10.1.4 Approve the selection of the officer in charge of Integrated Risk Management and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate and objectives;
    10.1.5 Assure itself that the integrated risk management activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
    10.1.6 Discuss with the officer in charge of Integrated Risk Management his/her material findings and recommendations and follow up thereon;
    10.1.7 Assure itself that Management establishes investment and lending policies, standards and procedures, in accordance with section 465 of the *Bank Act* and assure itself of their respect;
    10.1.8 Review and, if appropriate, approve loans and advances which under the terms of the credit policies are the responsibility of the Committee and examine the quality of the loan portfolio and the adequacy of allowances for loan losses;
    10.1.9 Assure itself that Management adopts a process to determine the appropriate capital level for the Bank based on assumed risks;
    10.1.10 Review and, if appropriate, approve the Code of Ethics and Privacy Code applicable to officers and employees and assure itself of their respect;
    10.1.11 Assure itself that Management implements mechanisms for resolving conflicts of interest, including measures to trace potential sources of such conflicts and to restrain the use of confidential information and oversee the application of such mechanisms;
    10.1.12 Assure itself that Management establishes mechanisms for communicating to the Bank’s clients the information that must be disclosed under the *Bank Act* as well as procedures for dealing with complaints by clients required to be established under subsection 455(1) of the *Bank Act*, including the complaint investigation procedure, and supervise the application of such mechanisms;
    10.1.13 Receive the report of the ombudsman;
    10.1.14 Review and, if appropriate, recommend to the Board the delegation of general signature powers to the Bank’s officers and approve the delegation of specific signature powers to certain officers and employees;

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

10.2 Conduct Review Functions

10.2.1 Require that Management establishes procedures for complying with Part XI of the *Bank Act*;
10.2.2 Review these procedures and their effectiveness;
10.2.3 Review the Bank's practices to ensure that any transactions with related parties of the Bank that may have a material effect on the stability or solvency of the Bank are identified;
10.2.4 Review and, if appropriate, approve as required the transactions referred to in Part XI of the *Bank Act*;
10.2.5 Report on the Committee's conduct review activities to the Superintendent of Financial Institutions on behalf of the Board.

11. Reporting - The Committee reports on its activities to the Board of Directors, verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting. The Committee also reports yearly on its activities to the shareholders in the course of the annual shareholders' meeting.

Mandate of the Human Resources and Corporate Governance Committee

1. Establishment - The Human Resources and Corporate Governance Committee (the "Committee") is constituted by the Bank's Board of Directors in order to support it in exercising its human resources and corporate governance functions. The Committee reviews its mandate annually.

2. Appointment and Membership - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. All members of the Committee must meet the independence requirements established by the Board. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. Compensation - For their services, the members of the Committee receive the compensation established by resolution of the Board.

4. Meetings - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them.

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

6. Chair - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore.

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

8. Powers of the Committee - In carrying out its mandate, the Committee, if it deems appropriate, may:
(a) call a meeting of directors;
(b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
(c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.

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

10. Functions - The Committee exercises the following functions which are delegated by the Board as well as any other functions that may from time to time delegated to it by the Board:

10.1 Human Resources

With respect to human resources management:
10.1.1 Annually review the performance management process and evaluate its effectiveness;
10.1.2 Assure itself that Management implements a plan to promote the hiring, retention and motivation of qualified personnel, taking into account the Bank's competitive position and while maintaining internal equity;
10.1.3 Assure itself that Management implements a periodic evaluation of the employees' level of mobilization and review the results of such evaluations;
10.1.4 Receive periodic status reports on the relations between the Bank and the employees' union and examine all other labour relations questions submitted to it;
10.1.5 Periodically review and, if appropriate, approve the Bank's structure;
10.1.6 Review and, if appropriate, approve the human resources management policies;

With respect to senior officers:
10.1.7 Review and, if appropriate, recommend that the Board approves the appointment of senior officers of Executive Levels I, II and III ("senior officers") and of the Ombudsman;
10.1.8 Approve the establishment of objectives for members of the Management Committee and evaluate their performance;
10.1.9 Approve the terms and conditions of any employment termination agreement of a member of the Management Committee;
10.1.10 Assure itself that Management implements a succession plan for senior officers and review it periodically;

10.1.11 Assure itself of the integrity of senior officers and that they create a culture of integrity throughout the Bank;
10.1.12 Assure itself of the competence and qualification of senior officers;

With respect to compensation:
10.1.13 Review and, if appropriate, recommend to the Board changes to the overall compensation framework (including short-, medium- and long-term incentive plans, benefits plans, indemnification in case of a change of control, pension plans or any similar plans, and other benefits) for senior officers, with a view to furthering the Bank's business objectives, taking into account its competitive position and while maintaining internal equity;
10.1.14 Review and, if appropriate, recommend that the Board approves the terms and conditions of any stock option and incentive plans based on share value ("incentive plan");
10.1.15 Approve grants made under incentive plans in accordance with their terms and conditions;
10.1.16 Manage all benefits and incentive plans, indemnification in the event of change of control and retirement plans or any similar plans in accordance with the powers of administration granted to the Committee under these plans;
10.1.17 Approve the compensation, individual bonuses and employment conditions of the members of the Management Committee as well as the material terms and conditions of the compensation and employment conditions applicable to the Bank's other employees and officers;

With respect to pension plans:
10.1.18 Assure itself that Management implements appropriate internal oversight systems with a view to adequately manage pension plans;
10.1.19 Review and, if applicable, recommend to the Board the approval of the implementation, conception, governance rules, terms and conditions applicable to any pension plan offered by the Bank as well as any changes thereto;
10.1.20 Follow up on the administration of the pension plans by receiving Management reports that address the following elements:
- (a) all activities and decisions relating to the pension plans offered by the Bank and their financial situation on a semi-annual basis;
- (b) capitalization and investment policies as well as the pension plans' actuarial valuations for capitalization purposes;
- (c) the hiring and dismissal, as required, of:
  - (i) a consulting actuary
  - (ii) one or more fund manager(s)
  - (iii) an asset custodian
  - (iv) an auditor; and
- (d) the performance of the fund manager(s) and of the pension plan's portfolio on a quarterly basis.

10.2 <u>Corporate Governance</u>

With respect to the President and Chief Executive Officer:
10.2.1 Recommend to the Board the appointment and dismissal of the President and Chief Executive Officer;
10.2.2 Review and, if appropriate, recommend to the Board any change to the position description of the President and Chief Executive Officer;
10.2.3 Annually review and recommend to the Board the objectives of the President and Chief Executive, his/her evaluation, compensation and employment conditions;
10.2.4 Implement a succession plan for the President and Chief Executive Officer and review it periodically;
10.2.5 Assure itself of the integrity of the President and Chief executive Officer and that he/she creates a culture of integrity throughout the Bank;

With respect to the Board and committees:
10.2.6 Review and, if applicable, recommend to the Board any changes to corporate governance rules and assure itself of their respect;
10.2.7 Review the annual report on corporate governance and make recommendations to the Board if necessary;
10.2.8 Review and, if applicable, recommend to the Board any changes to the functions of the Board of Directors;
10.2.9 Review the Board's membership, taking into account the competencies and skills that it should possess, as well as the competencies and skills of its members, and make recommendations to the Board with respect thereto;
10.2.10 Review the size of the Board and the length of its members' mandates in order to facilitate effective decision-making, and make recommendations to the Board with respect thereto;
10.2.11 Review and, if appropriate, recommend to the Board any changes regarding the compensation of its members;
10.2.12 Review and, if appropriate, recommend to the Board any changes to the rules respecting minimum holding of Bank shares by directors;
10.2.13 Review and, if appropriate, recommend to the Board any changes to the position descriptions of the Chairman to the Board and chairs of a committee;
10.2.14 Recommend to the Board the constitution of Board committees, and review and, if appropriate, recommend any changes to the committees' membership and functions;
10.2.15 Review and, if applicable, recommend to the Board any changes to the Code of Conduct for the members of the Board and assure itself of its respect;
10.2.16 Ensure continuing training for the members of the Board;
10.2.17 Establish criteria to evaluate the independence of the members of the Board and assess their independence periodically;
10.2.18 Evaluate the Board and its members;
10.2.19 Ensure the recruitment of new Board members to be submitted to election by the shareholders, evaluate if each new nominee can devote sufficient time and resources to his/her duties as directors, and make recommendations to the Board with respect thereto;

10.2.20 See to the orientation and integration of new members of the Board;
10.2.21 Review and, if appropriate, recommend to the Board any changes to the policy on the use of outside advisors by the directors;

With respect to public disclosure:
10.2.22 Review and, if appropriate, recommend to the Board the approval of information on compensation in accordance with regulations prior to its disclosure by the Bank in its Management Proxy Circular;
10.2.23 Review information on corporate governance prior to its disclosure;
10.2.24 Ensure that the shareholders are well informed of the Bank's state of affairs and deal with all material disagreements between the Bank and its shareholders.

11. **Reporting** - The Committee reports on its activities to the Board of Directors, verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting. The Committee also reports yearly on its activities to the shareholders in the course of the annual shareholders' meeting.

SCHEDULE E

COMMITTEE REPORTS

Dear Shareholders,

The chairs of the Audit, Risk Management and Human Resources and Corporate Governance committees are pleased to present the following activity reports to you. The purpose of these reports is to provide our shareholders with a better understanding of the committees' work during the last completed fiscal year and thereby foster better corporate governance. The Bank considers this additional information to be meaningful for its shareholders.

Report of the Audit Committee

The main accomplishments of the Audit Committee during the most recently completed fiscal year are described below.

With respect to the external auditor

- The Committee reviewed and monitored the external audit plan, reviewed the results of the annual audit, the recommendation letter that followed the annual audit, the quarterly review letters and the follow-ups thereon.
- As it does each year, the Committee, with no Management representatives present, met with the Bank's external auditor in order to discuss all aspects of its mandate and any related issues. The Committee also recommended to the Board of Directors the appointment of the external auditor and examined its hiring conditions, after having performed its evaluation.
- The Committee also reviewed its policy establishing a framework for the prior approval of non-audit services and certain audit services provided by the external auditor. Further detail on this policy and the fees of the Bank's external auditor that were invoiced during the last fiscal year can be found under the heading "Appointment of the Auditor" of this Circular.

With respect to financial statements and reports

- In accordance with its mandate and the Financial Information Disclosure Policy, the Committee reviewed the financial statements and the Management's Discussion and Analysis included in the Bank's annual report before they were approved by the Board of Directors. It also examined the quarterly financial statements and the Management's Discussion and Analysis included in the Bank's press releases before they were submitted to the Board of Directors.
- The Committee also closely monitored the Bank's transition towards the International Financial Reporting Standards (IFRS).

With respect to the Internal Audit function

- As it does every year, the Committee reviewed and approved the mandate and audit plan of the Internal Audit function and regularly ensured that the function had sufficient resources. It also examined the main findings and recommendations, and the follow-ups thereon as well as the internal auditor's opinion on the internal controls. Also, as it does every year, the Committee, with no Management representatives present, met with the Bank's internal auditor in order to discuss all aspects of its mandate and any related issues.

With respect to internal controls

- The Committee received from management a letter of certification for the fiscal year ended October 31, 2008, and for each of the quarters of fiscal 2008 covering all of the Bank's operations.
- The Committee followed-up quarterly on the actions taken by the Bank to comply with the regulatory requirements aimed at increasing investor confidence, including those required by *Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*.
- The Committee also reviewed the Bank's Policy on the Handling of Complaints and Comments About Suspicious Accounting and Audit-Related Activities.

With respect to compliance

- The Committee ensured that follow-ups were made on material aspects of compliance. In particular, the Committee received and reviewed a report on the compliance programs completed during the fiscal year, reviewed and recommended that the Board of Directors approve amendments to the Bank's Compliance Policy and Money Laundering and Terrorist Financing Policy and ensured that the Compliance function had sufficient resources.

With respect to supervisory agencies

- On a continuous basis, the Committee ensured that follow-ups were made on the recommendations and questions of the supervisory agencies. With no Management representatives present, the Committee met with the representatives of the Office of the Superintendent of Financial Institutions in order to discuss its recommendations.

Richard Bélanger, Chair

Report of the Risk Management Committee

The main accomplishments of the Risk Management Committee during the most recently completed fiscal year are described below.

Oversight Functions

- The Committee reviewed changes made to the following policies, procedure and codes which are under its responsibility and recommended their approval by the Board of Directors as required:
  - Integrated Risk Management Framework Policy
  - Operational Risk Management Policy
  - Professional Responsibility Risk Management Policy
  - Outsourcing Risk Management Policy
  - Information Security Management Policy
  - Cost of Funds Transfer Pricing Management Policy
  - Treasury Risk Management Policies
  - Pledging Management Policy
  - Reputation Risk Management Policy
  - Business Continuity Management Policy
  - General Allowances for Credit Risk Policy
  - Policy on Insiders and Prohibited Transactions on Bank Securities
  - Code of Ethics for Employees (available on SEDAR)
  - Code of Ethics for Service Providers
  - Privacy Code
  - Complaint Investigation Procedure
- The Committee considered and, when appropriate, approved changes to the Bank's credit policies, in particular reviewing certain limits, before submitting them to the Board of Directors for approval.
- The Committee closely monitored changes in the Bank's loan portfolio, in particular impaired loans and watchlist loans as well as the status of loan losses and the adequacy of loan loss provisions.
- The Committee reviewed and, if appropriate, approved certain loans which exceeded the limits set out in the credit policies.
- The Committee reviewed and approved the Bank's three-year capital plan.
- The Committee examined cases where the limits specified in the Treasury Risk Management Policies were exceeded that were brought to its attention and, when appropriate, referred them to the Board of Directors.
- The Committee reviewed the mandate of the Integrated Risk Management function and ensured that the function had sufficient resources.
- Each quarter, the Committee received from the Chief Risk Officer an integrated risk management report, which enables the Committee to assess whether the Bank has an adequate and effective process for managing major risks. The report covers strategic, business, credit, counterparty, liquidity and funding, market, reputation, structural, and operational risks.
- The Committee kept itself informed on the work relating to the new provisions of the Basle accord, the Bank's information technology security plan and of the fraud prevention committee.
- The Ombudsman's annual report was presented to the Committee.
- Lastly, on a quarterly basis and with no Management representatives present, the Committee met with the heads of the surveillance functions (Internal Audit, Integrated Risk Management and Compliance) to discuss all aspects of their respective mandates and any related matters.

Conduct Review Functions

- When necessary, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable.
- The Committee also reviewed the directors' report on the work of the Risk Management Committee for the "Conduct Review" section submitted to the Office of the Superintendent of Financial Institutions before it was submitted to the Board of Directors.

Jonathan I. Wener, Chair

Report of the Human Resources and Corporate Governance Committee

The main accomplishments of the Human Resources and Corporate Governance Committee during the most recently completed fiscal year are described below.

Human Resources

- The Committee evaluated the performance of the President and Chief Executive Officer and fixed his objectives for the upcoming year. It also reviewed the evaluations of the members of the Management Committee and their objectives for the upcoming year. The Committee reviewed senior management compensation, including base salary and long and short-term incentive compensation. A detailed report on these subjects can be found under the heading “Executive Compensation” in the Bank’s Management Proxy Circular dated January 17, 2008 and under the same heading in this Circular.
- The Committee reviewed the short-term incentive compensation program applicable to most employees and the bonus thresholds. The Bank’s short-term incentive compensation program and bonus threshold are described in greater detail under the heading “Executive Compensation” of this Circular. The Committee also approved salary increases for the non-unionized employees of the Bank.
- The Committee also reviewed changes to the unionized and management employees’ pension funds and received the report on pension funds.
- The Committee made the first awards under the new performance share unit program for the executive officers of the Bank.
- The Committee kept itself informed on the implementation of the program on performance management of the Bank’s employees, the share purchase program and union relations.

Corporate Governance

- The Committee reviewed the composition of the Board of Directors and the candidacies for director positions.
- It also reviewed the Bank’s corporate governance practices in comparison with best practices, including the functions of the Board of Directors and mandates of its committees, the composition of the committees, the independence criteria for directors and the directors’ Code of Conduct and made recommendations to the Board of Directors thereon. The functions of the Board of Directors and mandates of its committees are set out in Schedule D of this Circular.
- Finally, the Committee coordinated the process for evaluating the Board of Directors, the committees and their members. Further information on this process can be found in Part D “Information on Corporate Governance” of this Circular.

Pierre Michaud, Chair

SCHEDULE F

CODE OF PROCEDURE

1. Application

This code shall govern the conduct of annual and special 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, regulations or by-laws shall prevail.

2. Role of 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 or her decisions shall be without appeal. Everyone attending the meeting, whether or not a shareholder, must comply with the chair's instructions.

3. Expression of resolution

Except in cases where a special resolution is required, the meeting shall proceed by way of resolution 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 proposals

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 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 to a motion, but only once. The representative of management may speak as often as he or she deems appropriate, but for no more than 10 minutes for his or 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 ask 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 may not give rise to a debate.

LAURENTIAN
BANK