

Notice of Annual Meeting of Shareholders

March 16, 2010

Management Proxy Circular





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 16, 2010 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, 2009 and the auditor's report thereon;
- 2) to elect directors;
- 3) to appoint the auditor;
- 4) to consider and if deemed fit adopt a resolution, on an advisory basis, on the approach to Named Executive Officer compensation disclosed in the attached Management Proxy Circular (the text of this resolution is set out in Schedule A to the attached Management Proxy Circular);
- 5) to consider and if deemed fit adopt a shareholder's proposals (the text of these proposals is set out in Schedule B to the attached Management Proxy Circular);
- 6) to transact such other business as may properly be brought before the meeting.

As at January 18, 2010, 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 23,920,687, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 310,968,931.

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 15, 2010, 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,

A handwritten signature in black ink, appearing to read "L. Pilon", enclosed within a circular scribble.

Lorraine Pilon
Secretary

Montreal, Quebec, January 18, 2010

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.

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Management Proxy Circular

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 18, 2010.

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 15, 2010, 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 18, 2010, 23,920,687 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 18, 2010, 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, 2009 and the auditor's report thereon are included in the 2009 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 C 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 18, 2010 [\$41.29]);
- 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 18, 2010 [\$41.29]);
- 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 he or she sits.

	<p>Lise Bastarache Age: 45 Candiac, Quebec</p> <p>Director since March 7, 2006</p> <p>Independent</p> <p>Member of the Risk Management Committee</p> <p>Common shares: 2,291 (\$94,595) DSUs: 0 (\$0)</p>	<p>Lise Bastarache is an economist and a corporate director.</p> <p>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. She is member of the Board of Governors of Université de Moncton, where she chairs the Finance Committee.</p> <p>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 of the Investment and Environmental Committee).</p>
	<p>Jean Bazin, Q.C. Age: 69 Montreal, Quebec</p> <p>Director since September 1st, 2002 (and from 1990 to 2000)</p> <p>Independent</p> <p><i>Member of the Audit Committee</i></p> <p>Common shares: 4,000 (\$165,160) DSUs: 0 (\$0)</p>	<p>Jean Bazin is Counsel at Fraser Milner Casgrain LLP, Barristers and Solicitors.</p> <p>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 Lambert Somec Inc., an electromechanical construction company, and of the Canadian Association of Former Parliamentarians. He is also Chairman of the Board of the Société générale de financement du Québec.</p> <p>Currently director of the following publicly traded company: Miranda Technologies Inc.</p>
	<p>Richard Bélanger, FCA Age: 52 Lac-Beauport, Quebec</p> <p>Director since March 20, 2003</p> <p>Independent</p> <p><i>Chair of the Audit Committee and member of the Risk Management Committee</i></p> <p>Common shares: 5,000 (\$206,450) DSUs: 0 (\$0)</p>	<p>Richard Bélanger is President of Toryvel Group Inc., a holding company with investments mostly in the natural resources sector.</p> <p>A chartered accountant since 1980, Richard Bélanger was awarded the designation "Fellow" and the Prix Émélite by the Ordre des comptables agréés du Québec in 2004. Mr. Bélanger is a director and President of Stetson Timberlands Inc., a forestry operations company. He is also a director of Toryvel Group Inc.</p> <p>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).</p>
	<p>Ève-Lyne Biron Age: 44 Candiac, Quebec</p> <p>Director since March 20, 2003</p> <p>Independent</p> <p><i>Member of the Audit Committee</i></p> <p>Common shares: 4,004 (\$165,325) DSUs: 1,400 (\$57,806)</p>	<p>Ève-Lyne Biron is President and General Manager of Biron Health Group Inc., a private company of diagnostic and therapeutic services.</p> <p>Ève-Lyne Biron holds a masters in business administration and the ICD.D designation of the Institute of Corporate Directors. 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 Sainte-Justine UHC Foundation.</p> <p>Ms. Biron does not sit on the board of directors of any publicly traded company other than the Bank.</p>

**Isabelle Courville**Age: 47
Montreal, QuebecDirector since
March 6, 2007

Independent

*Chair of the Human Resources and
Corporate Governance Committee*Common shares: 4,170 (\$172,179)
DSUs: 394 (\$16,268)

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 Women 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), of École Polytechnique de Montréal, of the Chamber of Commerce of Metropolitan Montreal and of the Sainte-Justine UHC Foundation. She also sits as Canadian member on the Asia-Pacific Economic Cooperation Business Advisory Council (ABAC).

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

**L. Denis Desautels, O.C., FCA**Age: 66
Ottawa, OntarioDirector 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: 5,000 (\$206,450)
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: 63
Quebec, QuebecDirector since
March 7, 2006

Independent

*Member of the Risk Management
Committee*Common shares : 3,809 (\$157,274)
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. and of Manac Inc., a truck trailer manufacturer. 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: 64
Montreal, QuebecDirector since
March 10, 2009

Independent

*Member of the Risk Management
Committee*Common shares : 553 (\$22,833)
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 Vice-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 holds the ICD.D designation of the Institute of Corporate Directors. He sits on the boards of directors of Manac Inc., a truck trailer manufacturer, of Otéra Capital, a subsidiary of the Caisse de depot et placement du Québec, of Les Grands Ballets Canadiens de Montréal and of Orchestre de la francophonie canadienne. Mr. Labonté chairs the audit committees of each of the foregoing companies.

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

**Carmand Normand**Age: 63
North Hatley, QuebecDirector since
July 1st, 2004

Independent

*Member of the Human Resources
and Corporate Governance
Committee*Common shares: 17,000 (\$701,930)
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.

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



Jacqueline C. Orange

Age: 65
Toronto, Ontario

Director since
March 11, 2008

Independent

Member of the Audit Committee

Common shares : 3,246 (\$134,027)
DSUs: 0 (\$0)

Jacqueline C. Orange is a corporate director.

In her 20-year career as a financial services executive, Ms. Orange 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 a 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 the ICD.D designation of the Institute of Corporate Directors.

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



Marie-France Poulin

Age: 47
Lévis, Quebec

Director since
October 9, 2009

Independent

Member of the Human Resources and Corporate Governance Committee

Common shares: 361 (\$14,906)
DSUs: 0 (\$0)

Marie-France Poulin is Vice-President of Canada Group Inc., a family-owned investment business.

Ms. Poulin held various positions within the family-owned business, Maax Inc., from 1987 to 2004. She is also Vice-President of Kalia Inc., a manufacturer of bathroom accessories. Ms. Poulin sits on the boards of directors of the following companies: Industrial Alliance, Auto and Home Insurance Inc. (member of the Audit Committee), National Optics Institute, Université Laval (Chair of the Governance Committee), Festival d'été de Québec (Chair for 2009-2010) and Hydro-Québec (Chair of the Human Resources Committee and member of Ethics and Governance Committee). She holds a university certification from the Collège des administrateurs de sociétés.

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



Réjean Robitaille

Age: 49
Montreal, Quebec

Director since
December 13, 2006

Not independent (officer of the Bank)

Mr. Robitaille's holding of shares and share units are detailed on page 16 of this Circular

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

A chartered accountant, Mr. 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: 59
Hampstead, Quebec

Director since
January 22, 1998

Independent

Chair of the Risk Management Committee

Common shares: 4,221 (\$174,285)
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 35 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 auditor Ernst & Young for the fiscal years ended October 31, 2009 and 2008.

Fee Category	2009 (\$)	2008 (\$)
Audit fees	1,738,000	1,657,000
Fees for audit-related services	177,000	82,000
Fees for tax services	12,000	6,000
Other fees	64,000	19,000
Total	1,991,000	1,764,000

Further details on the auditors' fees are provided in Section 11.5 of the Bank's Annual Information Form dated December 9, 2009, which is available on SEDAR at www.sedar.com.

During the 2009 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 Section 11.4 of the Bank's Annual Information Form dated December 9, 2009.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

As resolved at the Bank's annual shareholders' meeting held on March 10, 2009, shareholders will be able to vote this year on a resolution concerning the approach to Named Executive Officer compensation described in this Circular. This resolution is on an advisory basis only and cannot bind the Board of Directors of the Bank. The Board of Directors will take the results of the vote into account during its deliberations on further modifications to policies, procedures or decisions concerning the compensation of the Named Executive Officers. If a significant number of shareholders vote against the resolution, the Board of Directors will consult shareholders in order to gain a better understanding of their concerns and positions.

The result of the vote on this resolution will be announced at the end of the Meeting at the same time as the outcome of the votes on all other items on the agenda of the Meeting. The text of this resolution is set out in Schedule A of this Circular.

SHAREHOLDER'S PROPOSALS

The Bank received two proposals from a shareholder, Mouvement d'éducation et de défense des actionnaires (MÉDAC), of 82 Sherbrooke Street West, Montreal, Quebec H2X 1X3. The text of these proposals and the shareholder's statements, as well as the recommendations of the Board of Directors, are set out in Schedule B 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

DIRECTOR COMPENSATION

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. Bélanger, Desautels and Michaud received compensation of this nature for their participation in a special committee formed to evaluate strategic opportunities. Directors received no other separate meeting fee. The amount received by each director is disclosed in the “Director 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, 2009, all directors exceeded the target ownership level of 4,000 common shares, except for Ms. Bastarache, Mr. Genest, Mr. Labonté, Ms. Orange and Ms. Poulin. Mr. Robitaille is subject to minimum shareholding requirements as President and Chief Executive Officer of the Bank, as described in the “Compensation Discussion and Analysis” section 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 has been 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 for 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, nor for any other incentive compensation programs in force at the Bank.

Director Compensation Table

The following table presents a summary of the compensation provided during the last fiscal year to each director of the Bank.

Name	Fees earned (\$) (Note 6)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$) (Note 7)	All other compensation (\$)	Total (\$)
Lise Bastarache	45,000	0	0	0	0	0	45,000
Jean Bazin	45,000	0	0	0	0	0	45,000
Richard Bélanger	65,700	0	0	0	0	0	65,700
Ève-Lyne Biron	45,000	0	0	0	0	0	45,000
Isabelle Courville	49,845	0	0	0	0	0	49,845
L. Denis Desautels	152,200	0	0	0	0	0	152,200
Pierre Genest	45,000	0	0	0	0	0	45,000
Michel Labonté (Note 1)	29,073	0	0	0	0	0	29,073
Michel C. Lauzon (Note 2)	4,647	0	0	0	0	0	4,647
Pierre Michaud (Note 3)	53,630	0	0	0	0	0	53,630
Carmand Normand	45,000	0	0	0	0	0	45,000
Jacqueline C. Orange	45,000	0	0	0	0	0	45,000
Marie-France Poulin (Note 4)	0	0	0	0	0	0	0
Réjean Robitaille (Note 5)	0	0	0	0	0	0	0
Jonathan I. Wener	52,500	0	0	0	0	0	52,500

Note 1: Director since March 10, 2009.

Note 2: Director until December 8, 2008.

Note 3: Director until October 9, 2009.

Note 4: Director since October 9, 2009.

Note 5: Mr. Robitaille does not receive any compensation as director of the Bank.

Note 6: These amounts include per annum fixed compensation for all directors, per annum fixed compensation for the Chairman of the Board (in the case of Mr. Desautels), per annum fixed compensation for the Chair of a permanent committee (in the case of Messrs. Bélanger and Wener and Ms. Courville), per annum fixed compensation for a director sitting on more than one committee (in the case of Mr. Bélanger), as well as the additional compensation of \$1,200 per meeting for participation in a special committee formed to evaluate strategic opportunities for the Bank (in the case of Messrs. Bélanger [\$7,200], Desautels [\$7,200] and Michaud [\$4,100]). As indicated above, certain directors may elect to receive all or part of their compensation in the form of shares or DSUs instead of in cash. Shares or DSUs are not awarded in addition to per annum fixed compensation and do not constitute awards made under an incentive plan. During the 2009 fiscal year, only Mr. Michaud elected to receive his compensation in the form of DSUs. Ms. Bastarache, Ms. Courville, Messrs. Genest and Labonté and Ms. Orange received all or part of their per annum fixed compensation in the form of shares as they had not reached the target ownership level of 4,000 common shares.

Note 7: Directors are not eligible as such for the Bank's pension plans.

EXECUTIVE COMPENSATION

For purposes of this section of the Circular, "executive officers" means the President and Chief Executive Officer of the Bank and the persons in charge of a principal business unit of the Bank or performing a policy-making function within the Bank. "Named Executive Officers" are the President and Chief Executive Officer, the persons having occupied the position of Chief Financial Officer during the 2009 fiscal year, and the three other executive officers who received the highest compensation during the 2009 fiscal year as prescribed in *National Instrument 51-102 – Continuous Disclosure Obligations*.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes and explains all significant elements of compensation awarded to, earned by, paid to or payable to the Named Executive Officers during the 2009 fiscal year. It includes an overview of the way in which the Bank's financial results affected executive compensation. Other elements, such as the objectives of the various executive compensation plans, a description of the different components of executive compensation, and certain other applicable terms and conditions are also explained.

Review of the 2009 Fiscal Year

For the fiscal year ended October 31, 2009, the Bank reported net income of \$113.1 million, or diluted earnings of \$4.23 per common share, and a return on common shareholders' equity of 11.4%.

The Bank continued to deliver a solid performance in 2009. Record growth in personal and commercial loan and deposit portfolios significantly improved revenues, while tight cost control contributed to improve efficiency. However, higher loan losses resulting from poor economic conditions throughout the year and losses on securities dampened the Bank's results. With solid liquidity and capital levels, the Bank maintained a strong financial position throughout the year and is well positioned at the outset of fiscal 2010.

As indicated in the table below, all of the Bank's 2009 objectives were met or even exceeded.

Performance indicators	2008 Results	2009 Objectives	2009 Results
Return on common shareholders' equity	11.0%	10.0% to 12.0%	11.4%
Diluted net income per common share	\$3.80	\$3.70 to \$4.40	\$4.23
Total revenue	+ 8% \$630 million	+ 2% to 5% \$645 to \$665 million	+ 6% \$667 millions
Efficiency ratio	70.7%	73% to 70%	70.8%
Tier 1 BIS capital ratio	10.0%	minimum of 9.5%	11.0%

Further detail on the Bank's financial performance during the 2009 fiscal year can be found in the "Management's Discussion and Analysis" section of the 2009 Annual Report.

Governance

The Human Resources and Corporate Governance Committee (the "Committee") is responsible for supervising all aspects of the management of the Bank's human resources, including all elements related to compensation. With respect to compensation, the Committee approves the executive compensation policy, compensation plans, salary increases for executive officers, grants under the stock option, stock appreciation right and share unit plans, as well as the bonuses paid under the short-term incentive compensation program. In addition, the Committee discusses on a yearly basis the performance evaluations of those reporting directly to the President and Chief Executive Officer. In the case of the President and Chief Executive Officer, the Board of Directors discusses his performance evaluation and, upon the recommendation of the Committee, determines his salary and the bonus paid under the short-term incentive compensation program.

The Committee's role is described in greater detail in some of the following sections. The Committee's mandate and its report for the 2009 fiscal year can be found respectively in Schedules E and F of this Circular.

Objectives of the Executive Compensation Policy

The objectives of the Bank's executive compensation policy (the "Policy") are to:

- continuously promote the alignment of the interests of executive officers with those of shareholders through compensation plans;
- foster transparency with respect to executive compensation management;
- attract and retain competent and motivated executive officers;
- establish competitive compensation linked to the Bank's performance; and
- respect the principles of effective compensation management in terms of internal, external and individual equity.

Compensation Study and Reference Group

The Policy provides that, in order to offer compensation that is competitive with the market, the Bank must regularly conduct a compensation study within a reference market comprised of Canadian companies in its sector of activity.

The companies that make up this group are selected on the basis of the following criteria:

- total revenue;
- size of the company in terms of assets and number of employees;
- a comparable clientele;
- a market for recruitment purposes;
- the corporate status of the company (publicly traded company).

The current reference group encompasses the following 38 companies:

AGF Management Limited	Gore Mutual Insurance Company	Sun Life Financial Inc.
Allstate Insurance Company of Canada	HSBC Bank Canada	TD Bank Financial Group
Aviva Canada Inc.	Intact Financial Corporation	The Bank of Nova Scotia
AXA Canada Inc.	Lombard Canada Ltd.	The Dominion of Canada General Insurance Company
Bank of Montreal	Manulife Financial Corporation	The Economical Insurance Group
Caisse de dépôt et placement du Québec	MasterCard Canada	The Great-West Life Assurance Company
Canada Mortgage and Housing Corporation	National Bank of Canada	The Standard Life Assurance Company of Canada
Canadian Imperial Bank of Commerce	Ontario Municipal Employees Retirement System	The Wawanesa Mutual Insurance Company
Canadian Western Bank	Ontario Teachers' Pension Plan	TMX Group Inc.
Chubb Insurance Company of Canada	Public Sector Pension Investment Board (PSP Investments)	Unity Life of Canada (a Foresters Company)
Co-operators General Insurance Company	Royal Bank of Canada	
Desjardins General Insurance Inc.	Royal & Sun Alliance Insurance Company of Canada	
Deutsche Bank AG (Canada)	Sceptre Investment Counsel Limited	
Export Development Canada		
Fédération des caisses Desjardins du Québec		

Prior to conducting any study on executive compensation, the Committee reviews the list of criteria and companies to be surveyed. The results obtained are adjusted by taking into account the comparative size of the Bank using linear regression or any other statistical method that the Committee deems appropriate. A single reference group is used to assess the market value of overall executive compensation.

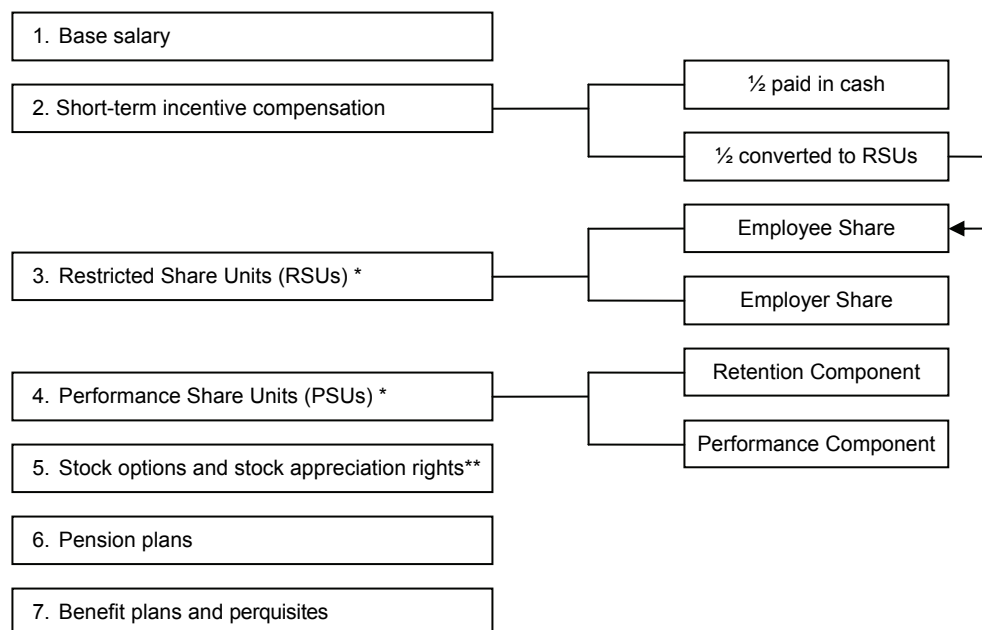
At the end of the 2007 fiscal year, a compensation study of all vice-presidents of the Bank was conducted by Towers Perrin. The Committee took into consideration the conclusions of this study to establish executive compensation for the 2009 fiscal year. Another compensation study was conducted in 2009 and the Committee took into consideration the conclusions of this study to establish executive compensation for the 2010 fiscal year. The total fees paid by the Bank for all services rendered by Towers Perrin to the Bank during the 2009 and 2008 fiscal years are as follows:

External Advisor	2009 (\$)	2008 (\$)
Towers Perrin	151,836 (Note 1)	168,618 (Note 1)

Note 1: These fees include the fees related to the compensation studies mentioned above. In 2009 and 2008, Towers Perrin did not provide services to the Bank other than services related to executive compensation.

Components of Overall Executive Compensation

The Policy provides for the seven components of overall executive compensation, which are illustrated below.



* RSUs and PSUs may be deferred, as explained below

** Granted on an ad hoc basis only

The following table presents each of the components of overall executive compensation in greater detail.

Compensation Component	Type of Compensation	Subject Employees	Frequency	Elements of Analysis
1. Base salary	Cash	All employees	Reviewed annually	<ul style="list-style-type: none"> • Comparison with external market • General contribution • Internal equity
2. Short-term incentive compensation	Cash bonuses (however, in the case of executive officers, 50% of the bonus is converted into restricted share units [see below])	All non-unionized employees and limited groups of unionized employees	Paid annually	<ul style="list-style-type: none"> • Comparison with external market to establish target bonuses • Individual and corporate performance
3. Restricted Share Units (RSUs)	Share units	Vice-Presidents and holders of more senior positions	<p>Awarded annually only if a bonus is paid under the short-term incentive compensation program</p> <p>When RSUs are granted, the participant can elect to defer redemption of the units until the end of employment</p>	<ul style="list-style-type: none"> • Comparison with external market for the final expected value • Individual and corporate performance
4. Performance Share Units (PSUs)	Share units	Vice-Presidents and holders of more senior positions	<p>Awarded annually</p> <p>When PSUs are granted, the participant can elect to defer redemption of the units until the end of employment</p>	<ul style="list-style-type: none"> • Comparison with external market for the final expected value • Individual and corporate performance
5. Stock options and Stock Appreciation Rights (SARs)	Shares (stock options) Cash (SARs)	Vice-Presidents and holders of more senior positions	Granted on an ad hoc basis at the discretion of the Committee	
6. Pension plans (defined benefits)	Cash	Executive officers	Payable when the officer retires or leaves the Bank	<ul style="list-style-type: none"> • Years of service • Comparison with external market for the final expected value • Calculated on base salary only
7. Benefit plans and perquisites	Group insurance and personal benefits	All employees (executive officers benefit from certain additional advantages, such as: supplementary life insurance, additional health account, indemnity in the event of change of control, car allowance and annual medical)	On a continuous basis	<ul style="list-style-type: none"> • Comparison with external market

Each component of overall executive compensation is commented upon in the following sections.

1. Base Salary

The base salary paid to executive officers is determined on the basis of the following criteria:

- the position's market value;
- the officer's qualifications;
- the officer's performance;
- the officer's contribution to the company (as evaluated by his or her immediate superior);
- the salary budget package available.

The Committee reviews the base salary of executive officers annually. For the 2009 fiscal year, the Committee awarded base salary increases to the Named Executive Officers as indicated in the "Summary Compensation Table" hereinafter.

2. Short-Term Incentive Compensation

The main purpose of the short-term incentive compensation program is to recognize the attainment of the Bank's short-term performance objectives, as well as individual yearly objectives.

The bonus under the program takes into account four elements and is calculated as follows:

$$\text{Base Salary} \times \text{Target Bonus} \times \text{Financial Performance Factor} \times \text{Individual Performance Factor}$$

The *Target Bonus* represents a percentage of annual base salary established according to the hierarchical level of each officer and varies from 45% 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 fiscal year in question. For the 2009 fiscal year, the Financial Performance Factor was established as follows:

Return on Common Shareholders' Equity for the 2009 Fiscal Year (%)	Applicable Financial Performance Factor (Note 1)
Less than 8.0	0.0
9.0	0.5
10.8	1.0
13.0 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 for the 2009 fiscal year had been 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 would not have been entitled to receive a bonus if the return on common shareholders' equity had been below 9.0.

As indicated above, for the 2009 fiscal year, the Bank's return on common shareholders' equity reached 11.4%. Consequently, the bonus payable under the Bank's short-term incentive compensation program was calculated with a Financial Performance Factor of 1.13.

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. Such objectives include qualitative and quantitative elements necessary to reach the short- and long-term objectives set by the Board of Directors. Throughout the year, the degree of attainment of these objectives is reported to the President and Chief Executive Officer, who, at the end of the year, submits a written evaluation of the officers' 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 if appropriate. 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 2009 fiscal year, the Committee considered the attainment of the Bank's financial objectives. All of the Bank's financial objectives for the 2009 fiscal year were met or exceeded, as described under the heading "Review of the 2009 Fiscal Year" above. The Committee based its assessment of the performance of the Named Executive Officers on the level of attainment of strategic financial objectives specific to each sector set at the beginning of the year, as indicated under the heading "Performance Evaluation" hereinafter.

Except in circumstances where no annual bonus is payable, the amount of the annual bonus paid to the 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 2009 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 2009 fiscal year was approved by the Committee on December 8, 2009 and is disclosed in the "Summary Compensation Table" hereinafter.

The Named Executive Officers must convert 50% of their annual bonus into RSUs, as explained below.

3. Restricted Share Units (RSUs)

The Committee adopted in 2005 the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*, which enables executive officers to convert 50% of their annual bonus into RSUs (this conversion is mandatory for Named Executive Officers). The Bank contributes an additional amount equal to 30% of the annual bonus, which amount is also converted into RSUs. The number of RSUs awarded is based on the share price on the date of the award (as more fully described in the “Summary Compensation Table” hereinafter). 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 participant must elect the deferred version of the plan until he or she reaches the minimum shareholding requirements, as disclosed under the heading “Minimum Shareholding Requirements” hereinafter. The plan also provides for the reinvestment of dividend equivalents on all units granted until their redemption. No RSUs are awarded to an officer in the event that he or she is not entitled to an annual bonus under the short-term incentive compensation program.

The amount of RSUs awarded for the 2009 fiscal year to the Named Executive Officers is disclosed under the heading “Total Compensation of Named Executive Officers” hereinafter. The number of RSUs held by Named Executive Officers is disclosed under the heading “Minimum Shareholding Requirements” and in the “Outstanding Share-based Awards and Option-based Awards” table hereinafter.

4. Performance Share Units (PSUs)

In order to ensure that the Bank remains competitive with respect to medium-term incentive compensation, the Committee adopted in May 2007 an incentive compensation plan entitled *Performance Share Unit Plan for Senior Management of 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 executive officer’s annual base salary (varying from 40% in the case of an Executive Vice-President to 75% in the case of the President and Chief Executive Officer). The number of PSUs awarded is determined based on the share price on the date of the award (as more fully described in the “Summary Compensation Table” hereinafter). In order to encourage retention and performance, a portion of the units awarded will vest if the executive officer is still employed with the Bank three years after the award (Retention Component), and the other portion of the units will vest if, over the course of the three years following the award, the Bank reaches the performance objective approved by the Committee at the time of the award (Performance Component). For purposes of the plan only, the Committee sets a target performance objective at an average return on common shareholders’ equity over the three-year return period, as well as a minimum objective equal to 90% of the target performance objective and a maximum objective equal to 125% of the target performance objective. The total number of units vested will vary according to the degree of attainment of the target 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 participant must elect the deferred version of the plan until he or she reaches the minimum shareholding requirements, as disclosed under the heading “Minimum Shareholding Requirements” hereinafter. The Program also provides for the reinvestment of dividend equivalents on all share units until their redemption.

The amount of PSUs awarded for the 2009 fiscal year to the Named Executive Officers is disclosed under the heading “Total Compensation of Named Executive Officers” hereinafter. The number of PSUs held by the Named Executive Officers is disclosed under the heading “Minimum Shareholding Requirements” and in the “Outstanding Share-based Awards and Option-based Awards” table hereinafter.

Objectives of the Share Unit Plans

The two share unit plans described above were introduced to meet the following common objectives:

- Align the interests of officers with those of shareholders

For example:

- Share units simulate the share price. Thus, the officer benefits from an increase and is affected by any decline just as shareholders are.
- The conversion of 50% of the annual bonus into RSUs allows for the bonus to be staggered over time while exposing it to the same risk as the shareholder.

- Assure the Bank's sustained and long-term performance

For example:

- The minimum holding period for share units is three years and can even be deferred until the officer's departure.
- The holding period applies beyond the active participation by including the retirement period subject to the limits prescribed by tax rules.

- Create a direct link between the Bank's success and the bonuses offered to its principal officers

For example:

- No annual bonus will be paid to executive officers if the Bank does not achieve its minimum performance objective, as stipulated in the short-term incentive compensation program. Therefore, no RSUs will be awarded.
- The RSU plan provides for the conversion of 50% of the annual bonus into share units whose value is linked to the share price, in the event that a bonus is paid out during a given year.
- The PSU plan provides vesting rules that take target performance into account over three years for a substantial portion of the units awarded.

- Have no dilution impact for shareholders

For example:

- The share units cannot be converted into shares issued by the Bank.

5. Stock Options and Stock Appreciation Rights (SARs)

The Bank 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 existing overall executive compensation, they are used on an occasional basis 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, when hiring a candidate or in the event of an exceptional financial situation), the Committee does not grant stock options and SARs to the Named Executive Officers. The Committee nevertheless periodically reviews overall incentive compensation programs applicable to executive officers.

The principal terms and conditions of the Bank's stock option plan can be found in Schedule D of this Circular.

The SAR plan allows eligible officers to benefit from the appreciation of common shares of the Bank. Under the plan, SARs are granted on the basis of the market value of a common share of the Bank at the time of grant, such value being established as the arithmetic average of the weighted average trading prices of the shares on the Toronto Stock Exchange for the five trading days preceding the grant. The appreciation is calculated on the basis of the closing price of the Bank's share on the day preceding the exercise. SARs become vested in 25% instalments beginning on the second anniversary of the date of grant, and may be held for a maximum of 10 years. The appreciation is paid in cash. The holders of SARs have no shareholder rights. Certain other terms and conditions apply.

During the 2009 fiscal year, no option or SARs were granted to the Named Executive Officers, except for 25,000 SARs granted to Mr. Michel C. Lauzon upon his appointment, as disclosed under the heading "Total Compensation of Named Executive Officers" and in the "Summary Compensation Table" hereinafter. The number of stock options and SARs held by the Named Executive Officers is disclosed in the "Outstanding Share-based Awards and Option-based Awards" table hereinafter.

6. Pension Plans

The pension plans applicable to executive officers are described under the heading "Pension Plan Benefits" hereinafter.

7. Benefit Plans and Perquisites

In addition to the benefits applicable to all Bank employees, executive officers are entitled to life insurance of up to four times their salary. They also benefit from a health account worth \$5,000 annually, as well as a monthly taxable car allowance. Finally, they are entitled to receive an annual medical, the costs of which are covered by the Bank.

Moreover, executive officers benefit from an indemnity plan in the event of change of control. The terms and conditions of this plan are described under the heading "Termination and Change of Control Benefits" hereinafter.

Variable vs. Fixed Compensation

The proportion between fixed and variable executive compensation varies with the hierarchical level of each officer and aims to align the executive officers' interests with those of the shareholders, reflecting the influence the executive officer has on the Bank's overall business results.

Each year, the Committee ensures that fixed and variable compensation as well as short-, medium- and long-term components of executive compensation are balanced. The table below indicates the proportionality between the fixed and variable components of the compensation of the Named Executive Officers as established by the Committee at the beginning of the 2009 fiscal year.

Level	Fixed Compensation (Note 1)	Variable Compensation (Note 2)	
	Base Salary	Annual Bonus	RSUs and PSUs
President and Chief Executive Officer	\$552,000	\$414,000	\$538,200
	37%	27%	36%
	63%		
All other Named Executive Officers	\$270,000	\$121,500	\$144,450
	50%	23%	27%
	50%		

Note 1: Base salary as established by the Committee at the beginning of the 2009 fiscal year. An average of base salaries was used for the Named Executive Officers other than the President and Chief Executive Officer.

Note 2: To determine the proportionality between fixed and variable compensation components, variable compensation was calculated as follow:

- Annual bonus: calculated with a Financial Performance Factor and an Individual Performance Factor of 1; includes the amount converted into RSUs (Employee Share) (the true amount of the annual bonuses varies pursuant to financial and individual performance factors for each fiscal year; for the 2009 fiscal year, these amounts appear in the "Summary Compensation Table" hereinafter);
- RSUs : equal to 30% of the annual bonus (Employer Share);
- PSUs : equal to 75% of the President and Chief Executive Officer's base salary and 40% for the other Named Executive Officers (the true amount of vesting PSUs varies pursuant to the degree of attainment of the target performance objective, as described above under the heading « Performance Share Units (PSUs) » above).

The true proportion between fixed and variable compensation may therefore fluctuate from one fiscal year to another.

Clawback Procedure

The Policy provides that if the Bank's financial statements for a previous year were to be restated due to fraud or a serious irregularity, the Committee could decide to adjust share units, SARs or stock options awarded based on financial performance in accordance with the restated financial results.

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:

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

The shareholding level attained by each executive officer subject to shareholding requirements is evaluated annually based on the closing price of the Bank's common share on October 31. The following shares and share units are included in the calculation of shareholding:

- common shares of the Bank held
- RSUs
 - Employee Share (upon their award)
- deferred RSUs
 - Employee Share (upon their award)
 - Employer Share (upon their award)
- deferred PSUs
 - Retention Component (upon their award)
 - Performance Component (upon their vesting)

Non-deferred RSUs (Employer Share) and non-deferred PSUs are not included in the calculation of shareholding.

Although there is no time limit for reaching the minimum shareholding requirements, executive officers must participate in the deferred version of the RSU and PSU plans until the requirements are met. Simulations carried out by the Bank show that, by using the deferred versions of the RSU and PSU plans, the minimum shareholding requirements can be met within three years. The shareholding levels of Named Executive Officers as at October 31, 2009 is disclosed below:

Name	Shareholding Requirement (x salary)	Base Salary (\$) (Note 1)	Shares (#) (Note 2)	RSUs (#) (Note 3)	PSUs (#) (Note 4)	Total Value (\$) (Note 5)	Attainment Level (%)
Réjean Robitaille	3	552,000	1,726	27,270	9,548	1,523,644	92.01
Michel C. Lauzon	1.5	280,000	268	0	919	46,922	11.17
Bernard Piché	1.5	280,000	1,641	8,523	2,631	505,786	120.43
François Desjardins	1.5	260,000	3,038	11,277	2,219	653,589	167.59
Luc Bernard	1.5	260,000	171	8,871	1,496	416,567	106.81

Note 1: Base salary as established by the Committee at the beginning of the 2010 fiscal year.

Note 2: Common shares of the Bank held. In the case of shares purchased with the employer's contribution through the share purchase program, only vested shares are included. Under the share purchase program, which is available to all Bank employees, the Bank contributes up to 30% of the employee's investment (up to a maximum of \$1,500 annually) for the purchase of common shares of the Bank on the secondary market, but shares purchased with the Bank's contribution vest only two years later if the employee is still employed by the Bank.

Note 3: Includes all RSUs corresponding to the Employee Share. For the Employer Share, only deferred RSUs are included.

Note 4: Includes all deferred PSUs corresponding to the Retention Component. As at October 31, 2009, there were no vested deferred PSUs corresponding to the Performance Component.

Note 5: The value as at October 31, 2009 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$39.53).

Performance Evaluation

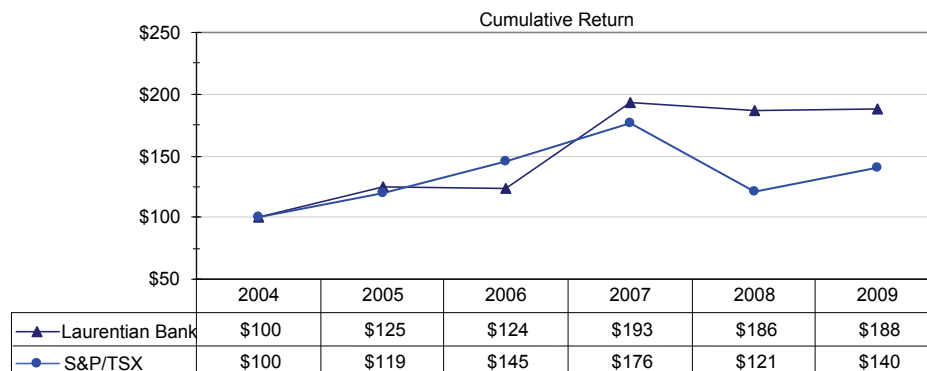
Contrary to many other financial institutions, the Bank set financial objectives at the beginning of the year that incorporated growth targets, in spite of the unfavourable economic conditions and significant market volatility. In order to assess the performance of the Named Executive Officers, the Committee used as evaluation indicators the level of achievement of strategic financial objectives specific to each sector, as established at the beginning of the year and considered the flexibility and agility demonstrated by the Named Executive Officers in responding to changing economic and market conditions. The performance of each Named Executive Officer during fiscal 2009 is detailed below.

<p>Réjean Robitaille President and Chief Executive Officer</p>	<p>For the fiscal year ended October 31, 2009, the Bank reported net income of \$113.1 million, or diluted earnings of \$4.23 per common share. Total revenue improved to \$666.5 million, representing an increase of \$36.0 million, or 6%, compared to the 2008 fiscal year. Net interest income was also up by \$18.5 million and other income by \$17.5 million. Return on common shareholders' equity stood at 11.4% in 2009, as compared to 11.0% in 2008.</p> <p>Under the direction of Mr. Robitaille, the Bank continued to deliver a solid performance in 2009. Record growth in personal and commercial loan and deposit portfolios significantly improved revenues, while tight cost control contributed to improve efficiency. However, higher loan losses resulting from poor economic conditions throughout the year and losses on securities dampened the Bank's results. With solid liquidity and capital levels, the Bank maintained a strong financial position throughout the year and is well positioned at the outset of fiscal 2010.</p> <p>Highlights of 2009:</p> <ul style="list-style-type: none"> - Record net income up 10% to \$113.1 million - Total operating revenue up 6% to \$666.5 million, exceeding the objective that had been set at 5% - Return on common shareholders' equity of 11.4% - Record loan and deposit growth - Solid capital and liquidity positions
<p>Michel C. Lauzon Executive Vice-President and Chief Financial Officer</p>	<p>Mr. Lauzon joined the Bank in January 2009 as Chief Financial Officer and executive officer responsible for various administrative sectors and strategic matters.</p> <p>Highlights of 2009:</p> <ul style="list-style-type: none"> - Optimization of tax assets - Optimization of administrative operations - Implementation of the final phase of the financial certification project - Beginning of the implementation of International Financial Reporting Standards (IFRS) - Careful management of risks within a difficult context - Continued investing in technology to support growth and strengthen processes

<p>Bernard Piché Senior Executive Vice-President, Treasury, Capital Markets and Brokerage</p>	<p>Up until November 30, 2009, Mr. Piché was responsible for corporate treasury and capital market activities, including Laurentian Bank Securities (LBS). LBS' contribution to net income increased significantly, rising to \$8.6 million for the 2009 fiscal year compared to \$1.7 million for the 2008 fiscal year. The solid performance of the Institutional Fixed Income division and the improved results of the Institutional Equity and Retail Brokerage divisions of LBS accounted in large part for this excellent revenue performance.</p> <p>Highlights of 2009:</p> <ul style="list-style-type: none"> - Effectively managed high excess liquidity amid challenging markets - Maintained prudent asset-liability management in a challenging low-interest rate environment - Delivered strong performance and market share gains in LBS' Institutional Fixed Income business - Continued to expand the Institutional Equity, Investment Banking and Retail Brokerage operations of LBS - Participated in a growing number of corporate and government syndicates owing to LBS' growing presence and reputation
<p>François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust</p>	<p>At \$32.1 million for the 2009 fiscal year, B2B Trust's contribution to net income declined by \$2.8 million, or 8%. B2B Trust's total revenue increased by \$2.5 million, growing to \$100.3 million for the 2009 fiscal year. Net interest income also increased by \$3.4 million as compared to the previous fiscal year, stimulated primarily by the growth of loans and deposits. While net interest income felt some pressure at the start of the 2009 fiscal year, the relative easing of financing conditions during the last six months of 2009 and the gradual reduction of the promotional interest rates associated with the launch of the <i>High Interest Investment Account</i> (HIIA) helped improve net interest margin over the course of the second half of the fiscal year. However, the pricing of deposits remained tight as compared to historical levels.</p> <p>Deposits reached \$9.1 billion as at October 31, 2009, representing an increase of \$3.0 billion since the start of the 2009 fiscal year. This marked increase is primarily the result of the new HIIA, which became a reliable source of financing for the support of retail business growth initiatives. For their part, loans also continued their upward swing, with levels increasing by \$410 million during the past twelve months (principally mortgage loans).</p> <p>Highlights of 2009:</p> <ul style="list-style-type: none"> - Launched High Interest Investment Account with great success - Introduced preferred mortgage partner program for mortgage brokers - Improved online loan application (EASE) by streamlining the process for advisors - Extended investment loan product line-up with the launch of the 3 For 1 loan and the B2B Trust Select loans - Broadened the distribution alliance program with the addition of four new distribution alliances, now totalling 66
<p>Luc Bernard Executive Vice-President, Retail Financial Services and SMEs</p>	<p>At \$51.1 million, the Retail and SME Québec business segment's contribution to net income for the 2009 fiscal year increased by \$5.7 million, or 13%.</p> <p>The segment's total revenue increased by \$10.7 million, or 3%, rising to \$425.9 million in 2009 thanks to the sustained growth in loan and deposit volumes. Loan losses were also higher, at \$41.9 million during the 2009 fiscal year, reflecting ongoing weaker credit conditions. Finally, non-interest expenses increased by \$6.6 million, or 2%, to \$333.5 million in 2009, due mainly to increases in salaries and advertising expenses.</p> <p>Highlights of 2009:</p> <ul style="list-style-type: none"> - Achieved mutual fund sales objectives, allowing for the recognition of the remaining part of the carried forward gain and certain adjustments of the sale price of the BLC-Edmond de Rothschild Asset Management Inc. joint venture to Industrial Alliance Insurance and Financial Services Inc. - Obtained the exclusive contract to operate the ATM network in the Montréal Metro subway system - Record growth of residential mortgage volumes - Expanded mobile banking teams - Developed a successful strategy to offer a suite of banking products and services targeted at specific industries within the Quebec SME market - Continued leveraging of business intelligence to drive development

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Bank on October 31, 2004, 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.



The table below sets out the compensation paid to Named Executive Officers (in terms of base salary, short-term incentive compensation and awards of RSUs, PSUs, stock options and SARs) and the Bank's net income for the last five fiscal years.

(in millions of dollars)

	2005	2006	2007	2008	2009	2005-2009 increase (%)
Compensation	2.9	3.2	3.5	4.3	4.4	52.0
Net income	65.3	70.3	94.5	102.5	113.1	73.2

Trend Analysis

During the period from November 1, 2004 to October 31, 2009, the Bank posted a marked improvement in its results. During this period, compensation paid to the Named Executive Officers grew slightly from one fiscal year to the other, except for the increase between the 2007 and 2008 fiscal years. Further to a significant improvement in the Bank's net income in 2007, the Board of Directors deemed it appropriate to implement starting in the 2008 fiscal year a new medium-term incentive compensation plan under which payment is based on the attainment of performance objectives (the PSU plan described above). This new plan enabled the Bank to better position itself with respect to the value of the medium-term incentive compensation offered to its executive officers and explains the greater part of the more important compensation increase between 2007 and 2008. Despite the unfavourable economic conditions during the past year, the Bank has seen a slight improvement in its profitability, and it has maintained the compensation of its Named Executive Officers at essentially the same level as in 2008.

Thus, during the period from November 1, 2004 to October 31, 2009, the Bank's net income grew \$47.8 million (73.2%) and the cumulative return indicated in the above graph increased by \$88 (88%), while compensation of Named Executive Officers increased by \$1.5 million, or 52%, during such period.

Total Compensation of Named Executive Officers

The following tables present the compensation awarded to, earned by, paid to or payable to each Named Executive Officer during the last two completed fiscal years.

Réjean Robitaille , President and Chief Executive Officer	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	550,493	539,170
Short-term incentive compensation (Note 1)	352,000	388,125
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	352,000	388,125
Employer Share converted into RSUs	211,200	232,875
PSUs (Note 2)	414,000	270,000
Stock options	0	0
SARs	0	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	21,000	425,000
Benefit Plans and Perquisites		
Car allowance and related expenses	41,255	41,116
Group insurance and other perquisites	2,936	3,868
Total	1,944,884	2,288,279

Robert Cardinal , Senior Executive Vice-President and Chief Financial Officer (Note 4)	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	73,261	284,604
Short-term incentive compensation (Note 1)	0	236,300
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	0	0
Employer Share converted into RSUs	0	0
PSUs (Note 2)	0	84,000
Stock options	0	0
SARs	0	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	0	86,000
Benefit Plans and Perquisites		
Car allowance and related expense	8,376	35,116
Group insurance and other perquisites	5,204	973
Total	86,841	726,993

Michel C. Lauzon , Executive Vice-President and Chief Financial Officer (Note 5)	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	220,166	0
Short-term incentive compensation (Note 1)	65,200	0
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	65,200	0
Employer Share converted into RSUs	39,120	0
PSUs (Note 2)	71,858	0
Stock options	0	0
SARs (Note 6)	127,548	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	31,000	0
Benefit Plans and Perquisites		
Car allowance and related expense	29,379	0
Group insurance and other perquisites	843	0
Total	650,314	0

Bernard Piché , Senior Executive Vice-President, Treasury, Capital Markets and Brokerage (Note 7)	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	277,202	274,441
Short-term incentive compensation (Note 1)	157,100	79,750
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	0	79,750
Employer Share converted into RSUs	0	47,850
PSUs (Note 2)	108,000	81,000
Stock options	0	0
SARs	0	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	0	41,000
Benefit Plans and Perquisites		
Car allowance and related expense	35,276	32,854
Group insurance and other perquisites	203	315
Total	577,781	636,960

François Desjardins , Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	254,841	232,901
Short-term incentive compensation (Note 1)	99,450	101,250
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	99,450	101,250
Employer Share converted into RSUs	59,670	60,750
PSUs (Note 2)	96,000	63,000
Stock options	0	0
SARs	0	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	34,000	86,000
Benefit Plans and Perquisites		
Car allowance and related expense	33,813	23,100
Group insurance and other perquisites	659	0
Total	677,883	668,251

Luc Bernard , Executive Vice-President, Retail Financial Services and SMEs	2009 (\$)	2008 (\$)
Short-term compensation		
Base salary	259,290	255,684
Short-term incentive compensation (Note 1)	99,450	109,700
Medium- and long-term incentive compensation plans		
RSUs: Annual bonus converted into RSUs	99,450	109,700
Employer Share converted into RSUs	59,670	65,820
PSUs (Note 2)	104,000	66,000
Stock options	0	0
SARs	0	0
Pension Plans		
Annual cost of retirement benefits (Note 3)	25,000	101,000
Benefit Plans and Perquisites		
Car allowance and related expense	27,359	20,299
Group insurance and other perquisites	0	924
Total	674,219	729,127

Note 1: Portion of the annual bonus not converted into RSUs. Mr. Cardinal's annual bonus for 2008 and Mr. Piché's annual bonus for 2009 were not converted into RSUs because they retired as of March 1st, 2009 and December 1st, 2009 respectively.

Note 2: For 2009, equal to 75% of the President and Chief Executive Officer's base salary as at October 31, 2008 and 40% for the other Named Executive Officers. For 2008, equal to 60% of the President and Chief Executive Officer's base salary as at October 31, 2007 and 30% for the other Named Executive Officers. Base salaries as at October 31, 2008 (October 31, 2007) are as follows: Mr. Robitaille: \$552,000 (\$450,000); Mr. Cardinal: \$280,000 (\$280,000); Mr. Lauzon: \$280,000* (\$0); Mr. Piché: \$270,000 (\$270,000); Mr. Desjardins: \$240,000 (\$210,000); Mr. Bernard: \$260,000 (\$220,000). The true amount of vesting PSUs varies pursuant to the degree of attainment of the target performance objective, as described above under the heading "Performance Share Units (PSUs)" above.

* the amount of PSUs granted to Mr. Lauzon takes into account that he began his employment on January 5, 2009

Note 3: Amounts corresponding to the changes in accrued benefit obligation attributable to compensatory changes, as described in Note 7 to the "Summary Compensation Table" hereinafter.

Note 4: Mr. Cardinal was Senior Executive Vice-President and Chief Financial Officer of the Bank until January 5, 2009. He remained employed as an advisor to the new Chief Financial Officer until February 28, 2009 and retired as of March 1st, 2009.

Note 5: Mr. Lauzon has been Executive Vice-President and Chief Financial Officer of the Bank since January 5, 2009.

Note 6: Mr. Lauzon received 25,000 SARs upon his appointment. The value of the SARs as at October 31, 2009 is based on the methodology indicated in Note 5 of the "Summary Compensation Table" hereinafter.

Note 7: Mr. Piché was Senior Executive Vice-President, Treasury, Capital Markets and Brokerage of the Bank until November 30, 2009 and retired as of December 1st, 2009.

Summary Compensation Table

The following table sets forth a summary of the compensation awarded to, earned by, paid to or payable to the Named Executive Officers during the two last completed fiscal years.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$) (Note 4)	Option-based Awards (\$) (Note 5)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$) (Note 7)	All Other Compensation (\$) (Note 8)	Total Compensation (\$)
					Annual Incentive Plans (Note 6)	Long-term Incentive Plans			
Réjean Robitaille President and Chief Executive Officer	2009	550,493	625,200	0	704,000	0	21,000	44,191	1,944,884
	2008	539,170	502,875	0	776,250	0	425,000	44,984	2,288,279
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer (Note 1)	2009	73,261	0	0	0	0	0	13,580	86,841
	2008	284,604	84,000	0	236,300	0	86,000	36,089	726,993
Michel C. Lauzon Executive Vice-President and Chief Financial Officer (Note 2)	2009	220,166	110,978	127,548	130,400	0	31,000	30,222	650,314
	2008	0	0	0	0	0	0	0	0
Bernard Piché Senior Executive Vice-President, Treasury, Capital Markets and Brokerage (Note 3)	2009	277,202	108,000	0	157,100	0	0	35,479	577,781
	2008	274,441	128,850	0	159,500	0	41,000	33,169	636,960
François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust	2009	254,841	155,670	0	198,900	0	34,000	34,472	677,883
	2008	232,901	123,750	0	202,500	0	86,000	23,100	668,251
Luc Bernard Executive Vice-President, Retail Financial Services and SMEs	2009	259,290	163,670	0	198,900	0	25,000	27,359	674,219
	2008	255,684	131,820	0	219,400	0	101,000	21,223	729,127

Note 1: Mr. Cardinal was Senior Executive Vice-President and Chief Financial Officer of the Bank until January 5, 2009. He remained employed as an advisor to the new Chief Financial Officer until February 28, 2009 and retired as of March 1st, 2009.

Note 2: Mr. Lauzon has been Executive Vice-President and Chief Financial Officer of the Bank since January 5, 2009.

Note 3: Mr. Piché was Senior Executive Vice-President, Treasury, Capital Markets and Brokerage of the Bank until November 30, 2009 and retired as of December 1st, 2009.

Note 4: These amounts represent the grant date fair value of the following awards:

- Restricted Share Units (RSUs) granted under the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Only amounts corresponding to the Employer Share are included in this column, amounts corresponding to the Employee Share appear in column "Annual Incentive Plans" (see Note 6 below). Under the RSU plan, the Named Executive Officers must convert 50% of their annual bonus into RSUs. The Bank contributes an additional amount equal to 30% of the annual bonus, which amount is also converted into RSUs. The number of RSUs is based on the "share price", which is 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. RSUs are linked to the performance of the Named Executive Officers in 2009 or 2008 as the case may be but were granted after the fiscal year end.
- Performance Share Units (PSUs) granted under the *Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the PSU plan, PSUs are awarded based on a percentage of the annual base salary of the Named Executive Officer. The number of PSUs is based on the "share price", which is 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.

The grant date fair value of the RSUs and PSUs is equal to the number of units granted multiplied by the "share price" as defined above. The grant date accounting value of the RSUs and PSUs is equal to the grant date fair value multiplied by a percentage representing the portion of vested rights at a given date. The grant date accounting value of the RSUs (Employer Share) and PSUs is \$0.

The principal terms and conditions of the RSU and PSU plans are described in the "Compensation Discussion and Analysis" section above. The holdings of RSUs and PSUs by the Named Executive Officers are indicated under the heading "Minimum Shareholding Requirements" above and in the "Outstanding Share-based Awards and Option-based Awards" table hereinafter.

Note 5: These amounts represent the grant date fair value of the following awards:

- Stock options granted under the *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. No stock options were granted in 2008 and 2009 to the Named Executive Officers.
- Stock appreciation rights (SARs) issued under the *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. Mr. Lauzon received 25,000 SARs upon his appointment. This is the only grant of SARs to a Named Executive Officer in 2008 and 2009.

The grant date fair value of the SARs was calculated using the binomial option pricing methodology, which is applied consistently with the competitive market analyses. The binomial factor applicable to the SARs is 14.2% and is based on the following assumptions: dividend yield of 3.4%; volatility of 22.06%; vesting rate of 25% per year after the first year; term of 10 years; and expected life of 6.25 years. The grant date fair value differs from the value calculated for accounting purposes. Under Section 3870 of the Canadian Institute of Chartered Accountants accounting Handbook, the accounting value upon grant is \$0 and fluctuates over time with changes in the common share price and in accordance with the proportion of rights vested at a given date.

The principal terms and conditions of the stock option and SAR plans are described in the "Compensation Discussion and Analysis" section above. The holdings of stock options and SARs by the Named Executive Officers are indicated in the "Outstanding Share-based Awards and Option-based Awards" table hereinafter.

- Note 6: Amounts of the annual bonuses paid under the short-term incentive compensation program of the Bank, including the portion converted into RSUs (see Note 4 above). These amounts were earned in 2009 or 2008 as the case may be but paid after the fiscal year end. The short-term incentive compensation program is more fully described in the "Compensation Discussion and Analysis" section above.
- Note 7: Amounts corresponding to the change in accrued benefit obligation attributable to compensatory changes, including annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of service credited. The amounts for 2009 are detailed in the "Defined Benefit Plans Table" hereinafter. The amount indicated for Mr. Robitaille in 2008 corresponds to the change in accrued benefit obligation attributable to compensatory changes and is mainly related to the wage adjustment granted to him in 2008 to adjust his salary to the external market.
- Note 8: These amounts mainly represent car allowances and group insurance premiums. These amounts are detailed under the heading "Total Compensation of Named Executive Officers" above.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

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

Name	Option-based Awards (Note 1)				Share-based Awards (Note 2)	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value Of Unexercised In-the-Money Options (\$) (Note 3)	Number Of Shares Or Units Of Shares That Have Not Vested (#)	Market Or Payout Value Of Share-based Awards That Have Not Vested (\$) (Note 4)
Réjean Robitaille	800 25,000 <i>50,000</i> 10,000	30.042 26.968 29.472 34.472	Dec. 3, 2011 Dec. 10, 2013 <i>Dec. 13, 2016</i> June 8, 2017	7,590 314,050 <i>502,900</i> 50,580	32,845	1,298,346
Robert Cardinal	10,000	34.472	June 8, 2017	50,580	6,247	246,957
Michel C. Lauzon	25,000	35.929	Dec. 4, 2018	90,025	2,067	81,699
Bernard Piché	10,000	34.472	June 8, 2017	50,580	9,379	370,760
François Desjardins	3,750 10,000 10,000	26.968 29.596 34.472	Dec. 10, 2013 Dec. 18, 2016 June 8, 2017	47,108 99,340 50,580	9,048	357,674
Luc Bernard	3,750 10,000 10,000	26.968 29.596 34.472	Dec. 10, 2013 Dec. 18, 2016 June 8, 2017	47,108 99,340 50,580	8,935	353,219

Note 1: Stock option and SAR awards. Stock option awards are indicated in italic and SAR awards are indicated in regular typeface.

Note 2: RSU and PSU awards including dividend equivalents.

Note 3: Value based on the difference between the exercise price of the stock options and SARs and the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2009 (\$39.53).

Note 4: Value based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2009 (\$39.53).

Incentive Plan Awards - Value Vested or Earned During the Year

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

Name	Option-based Awards – Value Vested During The Year (\$) (Note 1)	Share-based Awards – Value Vested During The Year (\$) (Note 2)	Non-Equity Incentive Plan Compensation – Value Earned During The Year (\$) (Note 3)
Réjean Robitaille	92,987	55,246	704,000
Robert Cardinal	43,137	55,246	0
Michel C. Lauzon	0	0	130,400
Bernard Piché	43,137	55,246	157,100
François Desjardins	25,875	0	198,900
Luc Bernard	25,875	31,138	198,900

Note 1: These amounts represent the aggregate value that would have been realized if the stock options and SARs had been exercised on the vesting date occurring during the fiscal year. The value is based on the difference between the exercise price of the stock options and SARs and the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2009 (\$39.53).

Note 2: These amounts represent the aggregate value realized upon vesting of RSUs (Employer Share only) on the vesting date occurring during the fiscal year. The Employee Share, which corresponds to 50% of the officer's annual bonus, vests from the date of the award. During the fiscal year, the RSUs granted in 2005 became vested. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on the vesting date (\$35.34). No PSUs vested during the fiscal year.

Note 3: Amounts of the annual bonuses, including portion converted into RSUs (Employee Share).

Pension Plan Benefits

The Named Executive Officers participate in a basic pension plan, the *Pension Plan for the Senior Officers of the Bank and Participating Subsidiaries* (the "Officers' Plan") and in a supplemental pension plan, 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 the Officers' Plan and the Supplemental Plan (collectively the "Plans"), participants 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, participants may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60. Benefits are calculated on base salary only.

In addition, executive officers may elect to participate in the flexible component of the Officers' Plan through optional ancillary contributions. These contributions enhance the benefits paid under the basic component of the Officers' Plan. Upon retirement, the officer may, among other things, use the accumulated amounts to reduce the early retirement reduction or for pension indexing. The accumulated amount may also be cashed out, subject to certain tax provisions. Participation is optional and the Bank does not contribute to this component.

Special Agreements Entered Into with Certain Named 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 Plans, 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 Mr. Robitaille's 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 credited twice.

Defined Benefit Plans Table

The table below sets out, with respect to each Named Executive Officer, the years of participation to the Plans as at October 31, 2009, annual benefits payable and changes in the accrued benefit obligation from October 31, 2008 to October 31, 2009, including compensatory and non-compensatory changes, concerning their participation in the Plans for the 2009 fiscal year.

Name	Number of Years Credited Service (#) (Note 1)		Annual Benefits Payable (\$)		Accrued Obligation at Start of Year (\$) (Note 4)	Compensatory Change (\$) (Note 5)	Non-Compensatory Change (\$) (Note 6)	Accrued Obligation at Year End (\$) (Notes 4 and 7)
	Basic Plan	Suppl. Plan	At Year End (Notes 2 and 7)	At Age 65 (Note 3)				
Réjean Robitaille	21.3	18.4	–	302,000	1,522,000	21,000	412,000	1,955,000
Robert Cardinal	17.9	20.9	55,000	–	1,082,000	0	(146,000)	936,000
Michel C. Lauzon	0.8	0.8	–	81,000	0	31,000	7,000	38,000
Bernard Piché	30.6	33.6	182,000	–	1,938,000	0	297,000	2,235,000
François Desjardins	13.8	6.8	–	170,000	261,000	34,000	116,000	411,000
Luc Bernard	7.9	6.8	–	105,000	234,000	25,000	71,000	330,000

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. Under their special retirement agreements described above, 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 credited twice. The number of actual years of service of each Named Executive Officer as at October 31, 2009 is equal to the number of years of service credited for the purposes of the Officers' Plan, except for Mr. Piché, who has 15.5 years of service, but whose years of service with his last employer were also taken into account for the purposes of the Plans.

Note 2: Mr. Cardinal retired as of March 1st, 2009 and receives a lifetime annuity of \$55,000. Mr. Piché retired as of December 1st, 2009. At that date, he acquired the right to an annuity of \$182,000. No amount is presented for officers that were not eligible for an immediate annuity at the end of the fiscal year. However, for such officers, deferred annuities (payable at the retirement age assumption [57]) accumulated as of October 31, 2009, are as follows: Mr. Robitaille: \$150,000; Mr. Lauzon: \$4,000; Mr. Desjardins: \$42,000; Mr. Bernard: \$28,000.

Note 3: Assuming retirement at age 65 and taking into account the special agreements entered into with certain Named Executive Officers as described above.

Note 4: The accrued benefit obligation represents the commuted value of the retirement benefits for the years of participation up to October 31, 2008 or October 31, 2009, as the case may be. The accrued benefit obligation was calculated using the same assumptions as for the Bank's financial statements, including a discount rate of 7.5% and 6.5% for the fiscal years ending October 31, 2008 and October 31, 2009, 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 2009 fiscal year.

Note 5: Compensatory changes include annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of service credited. This cost is nil for Messrs. Cardinal and Piché as they reached the retirement age assumption (57). Amounts appearing in this column may also be found in the "Pension Value" column of the "Summary Compensation Table" above.

Note 6: Non-compensatory changes include amounts attributable to interest on the accrued obligation at the start of year, actuarial gains and losses other than those associated with compensation and changes in actuarial assumptions. The most important element for the 2009 fiscal year is the change of the discount rate from 7.5% to 6.5%.

Note 7: In accordance with the terms of the Officers' Plan, Mr. Cardinal has elected to be reimbursed for a portion of the value of his rights under this plan. The annual benefits payable as well as the accrued benefit obligation at year end were therefore accordingly reduced.

Termination and Change of Control Benefits

Indemnity in Case of Termination Without Cause

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, prorated to the number of months worked in the year of 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 and he would not be eligible for a bonus in that case.

Special Retirement Agreements

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

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, prorated to the number of months worked in the year of 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.

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

The tables below set out the consequences of certain events of termination on the different components of the compensation of the Named Executive Officers.

Compensation Component		Resignation / Termination with cause	Termination without cause	Retirement	Termination in the year following a change of control	
1. Base salary		Cessation of salary	Cessation of salary, except for the President and Chief Executive Officer (Note 1) Common law indemnity	Cessation of salary Substituted by a monthly pension or transfer of the pension value	Continuation of salary for 18 months, except for the President and Chief Executive Officer (Note 1)	
2. Short-term incentive compensation		No annual bonus paid	No annual bonus paid, except for the President and Chief Executive Officer (Note 2)	Annual bonus for the current year paid, prorated to the number of months worked in the year	Payment of the average of annual bonuses paid in the three years preceding the termination prorated to the number of months worked in the year of termination	
3. RSUs	Non-deferred	Employee Share	Units paid upon termination		Payable at the end of the three year period (not prorated)	All units vest and are paid upon termination
		Employer Share	Units cancelled	Units prorated and paid upon termination (Note 3)		
	Deferred	Vested	Units paid upon termination		Payable on December 31 in the year following the retirement date (not prorated)	All units vest and are paid upon termination
		Non-vested - Employer Share (Note 4)	Units cancelled	Units prorated and paid upon termination (Note 3)		
4. PSUs	Non-deferred	All units	Units cancelled	Units prorated and paid upon termination	Payable at the end of the three year period (not prorated)	All units vest and are paid upon termination
		Vested	Units paid upon termination		Payable on December 31 in the year following the retirement date (not prorated)	All units vest and are paid upon termination
	Deferred	Non-vested	Units cancelled	Units prorated and paid upon termination		
5. Stock options and SARs		May be exercised up until 30 days after termination if they are vested		May be exercised until December 31 in the 3 rd year following the year of retirement	All stock options and/or SAR vest as of date of change of control	
6. Pension plans		Rights to benefits stop accumulating Payment of a monthly pension or transfer of the pension value			Rights to benefits continue to accumulate until the end of indemnity period	
7. Benefit plans and perquisites		Cessation of all benefits	Cessation of all benefits, except for the President and Chief Executive Officer (Note 5)	Cessation of all benefits	Continuation of benefits (except disability insurance) until the end of indemnity period	

Note 1: In the event of termination without cause or of a change of control, the salary of the President and Chief Executive Officer will continue to be paid for a 24 months period.

Note 2: In the event of termination without cause, the President and Chief Executive Officer is eligible for the payment of the average of annual bonuses paid in the three years preceding the termination, prorated to the number of months worked in the year of termination.

Note 3: In the event of termination without cause, all RSUs, whether deferred or not, of the President and Chief Executive Officer vest.

Note 4: The Employee Share vests from the date of the award.

Note 5: In the event of termination without cause, benefits will continue for the President and Chief Executive Officer until the earlier of 24 months following termination or his obtaining other employment.

The table below sets out the amounts that would be payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2009. Messrs. Cardinal and Piché are not included in this table as they retired as of March 1st and December 1st, 2009 respectively¹.

Name	Compensation Component	Resignation / Termination with cause (\$)	Termination without cause (\$) (Note 3)	Retirement (\$) (Note 4)	Termination in the year following a change of control (\$)
Réjean Robitaille	Base salary	0	1,104,000	–	1,104,000
	Short-term incentive compensation	0	490,583	–	490,583
	RSUs, PSUs, stock options and SARs (Note 1)	0	709,760	–	1,760,133
	Pension plans (Note 2)	0	0	–	530,000
	Benefit plans and perquisites	0	74,424	–	110,424
	Total	0	2,378,767	–	3,995,140
Michel C. Lauzon	Base salary	0	–	–	420,000
	Short-term incentive compensation	0	–	–	130,400
	RSUs, PSUs, stock options and SARs (Note 1)	0	26,961	–	171,724
	Pension plans (Note 2)	0	0	–	86,000
	Benefit plans and perquisites	0	–	–	72,186
	Total	0	26,961	–	880,310
François Desjardins	Base salary	0	–	–	390,000
	Short-term incentive compensation	0	–	–	161,867
	RSUs, PSUs, stock options and SARs (Note 1)	0	210,016	–	505,889
	Pension plans (Note 2)	0	0	–	0
	Benefit plans and perquisites	0	–	–	68,757
	Total	0	210,016	–	1,126,513
Luc Bernard	Base salary	0	–	–	390,000
	Short-term incentive compensation	0	–	–	148,400
	RSUs, PSUs, stock options and SARs (Note 1)	0	202,006	–	503,592
	Pension plans (Note 2)	0	0	–	0
	Benefit plans and perquisites	0	–	–	69,953
	Total	0	202,006	–	1,111,945

Note 1: Amounts payable with respect to non-vested rights only. Vested rights at the time of termination are not affected by termination.

Note 2: Amount of retirement benefits. In the column "Termination in the year following a change of control", the amount of retirement benefits is the additional value compared with the value presented in the column "Accrued Obligation at Year End" in the "Defined Benefit Plans Table" above, assuming a termination following a change of control on October 31, 2009. This additional value is nil for Messrs. Bernard and Desjardins as the value of their rights, including additional months of participation in the pension plans, is less than the value presented in the "Defined Benefit Plans Table".

Note 3: Except for Mr. Robitaille whose employment contract has specific provisions for such circumstances, indemnities payable to the Named Executive Officers in the event of termination without cause would be those provided by common law. These amounts are not indicated in the table.

Note 4: The age of Messrs. Robitaille, Lauzon, Bernard and Desjardins is below the minimal retirement age under the pension plans and thus they are not eligible for retirement.

¹ Details on Messrs. Cardinal's and Piché's pension benefits are indicated under the heading "Pension Plan Benefits" above. The RSUs, PSUs, stock options and SARs held by Messrs. Cardinal and Piché at the time of their retirement will become payable and may be exercised in accordance with the conditions indicated in the previous table.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information with respect to compensation plans under which equity securities of the Bank are authorized for issuance.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2009	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2009 (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) as at October 31, 2009
Equity compensation plans approved by securityholders (Note 1)	61,074	28.79	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 D 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 analyzes 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.

Independent directors meet without members of Management being present at the end of all regular Board meetings, as indicated in Schedule C 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 C 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 E of this Circular.

POSITION DESCRIPTIONS

The Board of Directors has developed a written position description for the 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 E 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. For example, during the 2009 fiscal year, directors attended presentations on the following topics: information technology security, international financial reporting standards, pension plans and evolution of the economic climate.

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 for the Protection of Personal Information 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 directors' Code of Conduct 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 not 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. With 38% of its directors being women, the Bank is a leader in gender diversity in its field. 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 as more fully described in the "Compensation Discussion and Analysis" section of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, ensures that director remuneration is adequate and competitive. Information regarding compensation of directors is available in the "Director Compensation" section 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 E 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 C 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 F 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 9, 2009.

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 so that improvements can be made when required.

The Board of Directors does not have a mandatory retirement age policy. Rather, the assessment process is used to determine whether a director should retire.

Further information on the Bank's corporate governance practices can be found in the "Corporate Governance" section of the Bank's 2009 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, 2009.

Purpose	Aggregate Indebtedness (\$)	
	To the Bank or its Subsidiaries	To Another Entity
Share Purchase	11,828	0
Other	133,935,003	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, 2009 (\$)	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)	50,385 (Note 2)	31,430	–	–	0
Robert Cardinal Senior Executive Vice- President and Chief Financial Officer (Note 1)	Bank (lender)	168,906 (Note 3)	30,571	–	–	0
François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust	Bank (lender)	126,000 (Note 4)	98,525	–	–	0
Réjean Robitaille, President and Chief Executive Officer	Bank (lender)	1,056,784 (Note 5)	1,053,541	–	–	0

Note 1: Mr. Cardinal was Senior Executive Vice-President and Chief Financial Officer of the Bank until January 5, 2009. He remained employed as an advisor to the new Chief Financial Officer until February 28, 2009 and retired as of March 1st, 2009.

Note 2: Line of credit at base rate -1%; personal loan, interest rate at 6.375%; credit card balance, interest rate at 9.99%.

Note 3: Line of credit at base rate -1%; credit card balance, interest rate at 9.99%.

Note 4: Mortgage and investment lines of credit at base rate -1%; credit card balance, interest rate at 9.99%.

Note 5: Mortgage loan on principal residence, interest rate at 3.50%; credit card balances, interest rate at 9.99% and 19.99%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased 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, 2010, is \$50,000,000. The deductible is \$1,000,000 per event. The yearly premium is \$345,239.

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 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 G 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 20, 2010.

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on March 10, 2009 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 a copy of the Bank's financial statements and Management's Discussion and Analysis or of any other document available on SEDAR 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 18, 2010

SCHEDULE A

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

“IT WAS RESOLVED, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to Named Executive Officer compensation disclosed in the Bank’s Management Proxy Circular for the 2010 annual shareholders’ meeting.”

SCHEDULE B
SHAREHOLDER'S PROPOSALS

The Bank received two proposals from a shareholder – the Mouvement d'éducation et de défense des actionnaires (MÉDAC). The text of these proposals and the statements made by this shareholder are reproduced in full below (translated from French by the Bank), as are the recommendations of the Bank's Board of Directors.

PROPOSAL N° 1: More Candidates Than Vacant Positions

It is proposed that the Board of Directors submit a greater number of candidates to a shareholders' vote than the actual number of vacant positions.

Argument

One of the fundamental rights of shareholders is the right to elect directors. Currently, shareholders have no choice. They can only vote in favour of a candidate or withhold their vote. Moreover, given the fact that organizations always present exactly the same number of candidates as the number of seats to be filled, the current process of electing directors involves either ratifying or not ratifying the nomination of directors selected by Management. Such a candidacy selection process leads directors to feel more indebted to one another than to the shareholders they must represent. An electoral system of this nature also serves to excessively isolate and protect directors from the will of shareholders.

The 2008-2009 financial crisis strongly shook shareholder confidence in the members of boards of directors. Many shareholders questioned the effectiveness of their board of directors, the quality of its collective competence, and its ability to adequately represent shareholders' interests. These concerns about the effectiveness of boards of directors led the Securities and Exchange Commission (SEC) to launch a consultation in June 2009 (*Facilitating Shareholder Director Nominations*) on the rules governing the submission of candidacies and the election of directors in order to allow shareholders to play a more active role in the process.

Based on our review of proxy circulars from the past ten years, we have come to the following conclusions:

- boards of directors undergo little renewal;
- they fail to adequately reflect the diversity of shareholders: individual shareholders, presence of women, generational mix, etc.;
- they do not adequately reflect shareholder expectations and concerns.

Each year, shareholders must have the choice of either keeping directors in place or replacing them. Therefore, boards of directors should give shareholders a real choice by offering more candidates than seats to be filled. In addition to the information prescribed by regulation, the proxy circular should present the specific contribution expected from each board candidate. Furthermore, Management should not favour one candidate over another, under the hypothesis that the entire process was accomplished with the highest standards of rigour and professionalism.

Recommendation of the Board of Directors

The shareholder's proposal is not practicable for a number of reasons.

Firstly, the Bank does not present a group of individual candidates as nominees for election as directors, but rather a cohesive team each of whose members fulfil at least one expertise requirement of the Board of Directors in a strategic field of interest for the Bank. Each proposed nominee for election as a director is selected on the basis of their specific skills and the contributions they are expected to make towards the Board's effectiveness. The shareholder's proposal could result in the Board of Directors being over- or under-weighted in certain critical areas of expertise and would render the Board's responsibility of ensuring an adequate balance of skills impossible to fulfill.

Also, it is important to recognize that the pool of qualified candidates for a director position for a company with activities similar to the Bank's is quite limited. The shareholder's proposal would mean that several candidates with the same skills presently sought by the Board and who would all be willing and qualified to sit on the Board would have to be found for purpose of the election of directors. In the current environment, difficulties are already encountered in recruiting quality directors in the fields of expertise for which the Bank's needs are the greatest. The shareholder's proposal would only serve to make this task more difficult.

It should also be noted that although shareholders, by virtue of law, can only vote in favour of a nominee for election as director or withhold their vote, they nevertheless already have the means at their disposal to express their dissatisfaction with one or more candidates:

- The *Bank Act* enables shareholders who collectively hold at least 5% of a bank's shares to propose one or more nominees for election as directors. In fact, the SEC document that the shareholder refers to discusses this right.
- 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. This policy is explained in greater detail on page 2 of this Circular and de facto gives shareholders the right to vote "against" a nominee for election as director.

The Bank's Board of Directors believes that the nominees for election as directors are collectively able to effectively oversee the management of the Bank and that shareholders are in a position to exercise all their rights in this regard.

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 N° 2: Equity Ratio

It is proposed that the Annual Report and Management Proxy Circular disclose the "equity ratios" between the overall compensation of the CEO and of the five designated officers on the one hand and the average overall compensation of employees.

Argument

MÉDAC is presenting a proposal this year that is almost identical to the one it submitted in 2008 concerning the disclosure of internal "equity ratios" on compensation. The recent turbulence within financial markets and the dramatic decline in the confidence of small investors serve to justify this second attempt. These events have certainly demonstrated the pernicious effects of an overly generous, and even excessive, compensation policy for executive officers. According to data compiled by the Economic Policy Institute in Washington, the annual salaries earned by American CEOs in 2005 were 262 times greater than the annual salary of an average employee. In fact, in one single day (there are 260 working days in a year), a CEO will have earned as much as the average employee in 52 weeks. Recent data indicates that the situation has not changed.

The ever growing gap between the compensation of executive officers and their employees is a source of concern for numerous small shareholders. More specifically, they wonder about the impact of these gaps on the level of internal cohesion and employee productivity within the companies in which they invest. At the same time, there is a perception that inequitable compensation can have a negative effect on personnel: loss of motivation, resentment, even poor attitude... Ultimately, the potential repercussions of excessive executive compensation have a direct and detrimental impact on the interest of shareholders as investors.

Furthermore, from a social standpoint, by paying exorbitant salaries to a select group of a few thousand senior officers, companies give rise to a class of technocratic millionaires that are disconnected from the reality of small investors and ordinary citizens.

In view of the population's indignation towards the excessive compensation paid to some, governments of several countries are now threatening to legislate ceilings on executive compensation of public corporations. One example of this trend among many is the United States. Recently, the Securities and Exchange Commission (SEC) launched a consultation on proxy circulars and improvements that could be made, asking the following questions: "Are investors interested in seeing internal salary equity ratios disclosed? For example, should the ratio between overall compensation of designated executive officers, or of each of them, and the compensation of the average company employee be disclosed?"

MÉDAC firmly believes that disclosure of this internal equity ratio is of great interest to shareholders. Such disclosure would enable them to make an enlightened judgement on the results of a company's compensation policy and to exercise their right to vote and express themselves at annual meetings with full knowledge of the situation.

Recommendation of the Board of Directors

At the Bank's shareholders' meeting held on March 11, 2008, the shareholder presented a similar proposal, which was rejected by 93.33% of votes cast.

The Board of Directors is of the opinion that circumstances have not changed since then. We hereby reiterate the recommendation that appeared in the Management Proxy Circular of January 17, 2008:

“This Circular discloses in detail the overall compensation of the highest paid members of the Management Committee of the Bank. The Bank does not believe, however, that the ratio between the compensation of the President and Chief Executive Officer and that of the employees’ “average” compensation is a reliable indicator that could have any comparison value between companies in the absence of clear rules with respect to the manner in which it is calculated (use of mean or median; inclusion or not of exceptional elements). Furthermore, the concept of an average compensation for employees would inevitably be distorted by the presence (or not) of a few senior officers or brokers who receive very high compensation in comparison with other employees and by the total number of employees. The average compensation of employees will therefore depend to a large extent on the type of operations of each issuer, which renders comparisons of little use even within a single industry.

The Board of Directors of the Bank does not believe that the compensation policies of the Bank’s senior officers and their general working conditions are “too generous, even excessive”. The Bank also believes that its employees, who constitute an undeniable asset, are treated fairly and equitably taking into account the competitive market in which it carries on its activities.”

The Board of Directors adds that shareholders who so desire can easily make any calculations they wish from the information provided in this Circular and in the Bank’s 2009 Annual Report on executive compensation, total payroll and number of employees. However, for the aforementioned reasons, the Board cautions shareholders against comparing results between issuers.

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 C

SUMMARY OF ATTENDANCE (for the Fiscal Year Ended on October 31, 2009)

Director	Attendance			
	Board of Directors	Audit Committee	Risk Management Committee	Human Resources and Corporate Governance Committee
Lise Bastarache	12 / 13		5 / 5	
Jean Bazin	12 / 13	6 / 6		
Richard Bélanger	13 / 13	6 / 6	4 / 5	
Ève-Lyne Biron	13 / 13	6 / 6		
Isabelle Courville	11 / 13			6 / 6
L. Denis Desautels	12 / 13	5 / 6		6 / 6
Pierre Genest	12 / 13		5 / 5	
Michel Labonté <i>(Director since March 10, 2009)</i>	8 / 8		2 / 2	
Michel C. Lauzon <i>(Director until December 8, 2008)</i>	2 / 2		2 / 2	
Pierre Michaud <i>(Director until October 9, 2009)</i>	8 / 13			6 / 6
Carmand Normand	12 / 13			6 / 6
Jacqueline C. Orange	13 / 13	6 / 6		
Réjean Robitaille	13 / 13			
Jonathan I. Wener	13 / 13		5 / 5	

Summary of Board of Directors and Committee Meetings held

	Number of meetings held
Board of Directors	13 (Note 1)
Audit Committee	6 (Note 2)
Risk Management Committee	5 (Note 3)
Human Resources and Corporate Governance Committee	6 (Note 4)

Note 1: Including five regular meetings, namely four quarterly meetings where financial results are examined and the meeting where the budget is approved. Directors met without members of Management at the end of all five regular meetings.

Note 2: Members of the Committee met without members of Management at the end of all six meetings and met privately with the external and internal auditors during four of these meetings.

Note 3: Members of the Committee met privately with the representatives of the surveillance functions during four of these meetings.

Note 4: Members of the Committee met without members of Management at the end of three of these meetings.

SCHEDULE D

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 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 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 loses 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.

SCHEDULE E
FUNCTIONS AND MANDATES

Functions of the Board of Directors
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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 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 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 be 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, benefit 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 Corporate Governance

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.

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 Oversight Functions

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 Communication and Disclosure Functions

- 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 be 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 for the protection of personal information 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.

SCHEDULE F
COMMITTEE REPORTS

Dear Shareholders,

The chairs of the Human Resources and Corporate Governance, Audit and Risk Management 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 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 approved the new executive compensation policy, the main provisions of which are presented in the "Compensation Discussion and Analysis" section of this Circular, as well as the new policy concerning background checks on directors and senior Management.
- 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, medium 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 13, 2009 and under the same heading in this Circular.
- The Committee discussed the question of a shareholders' advisory vote on executive compensation policy and the best ways to satisfy the shareholders' legitimate concerns in this regard.
- 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 received the report on pension funds.
- The Committee kept itself informed on various subjects related to human resources management at the Bank, including the program on performance management of the Bank's employees, the share purchase program and union relations.
- The Committee reviewed the organizational structure of the Bank following the retirement of Mr. Bernard Piché, executive Vice-President, Treasury, Financial Markets and Brokerage.

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 E 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.



Isabelle Courville, Chair

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 closely monitored the Bank's transition towards the International Financial Reporting Standards (IFRS).
- The Committee also reviewed and approved the financial statements of the Bank's various pension plans.

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, 2009, and for each of the quarters of fiscal 2009 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 the yearly report on regulatory risk management as well as the quarterly reports and non-compliance situations, reviewed and recommended that the Board of Directors approve amendments to the Bank's Regulatory Risk Management Policy and ensured that the Compliance function had sufficient resources.
- The Committee kept itself informed of the Bank's activities aimed at detecting and deterring money laundering and terrorist activity financing and approved amendments to the Bank's policy in this regard.

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 and approved 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:
 - Policy on Integrated Risk Management Framework
 - Change Approval Policy
 - Operational Risk Management Policy
 - Professional Responsibility Risk Management Policy
 - Outsourcing Risk Management Policy
 - Cost of Funds Transfer Pricing Management Policy
 - Treasury Risk Management Policies
 - Pledging Management Policy
 - Reputation Risk Management Policy
 - General Allowances for Credit Risk Policy
 - Policy on Insiders and Prohibited Transactions on Bank Securities
 - Personal Information Protection Policy
 - Code of Ethics for Employees (available on SEDAR)
 - Code of Ethics for Service Providers
 - Privacy Code for the Protection of Personal Information
 - Complaint Investigation Procedure
- The Committee considered and, when appropriate, approved changes to the Bank's credit policies, in particular reviewing certain limits.
- 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 liquidity contingency plan. The capital plan was reviewed directly by the Board of Directors of the Bank.
- 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, in particular the Internal Capital Adequacy Assessment Process (ICAAP), the Bank's information technology security plan and 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

SCHEDULE G
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.

