

Notice of Annual Meeting of Shareholders

March 1, 2017

Management Proxy Circular





**LAURENTIAN
BANK**

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the holders of common shares ("shareholders") of Laurentian Bank of Canada (the "Bank") will be held at the TMX Broadcast Centre Gallery, 130 King Street West, Toronto, Ontario, on Wednesday, March 1, 2017 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, 2016 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, regarding the approach to named executive officers compensation disclosed in the attached Management Proxy Circular (the texts of which are set out in Schedule A to the attached Management Proxy Circular);
- 5) to consider, and if deemed fit, adopt the shareholders' proposals (the text of which is set out in Schedule B to the attached Management Proxy Circular); and
- 6) to consider such other business as may properly be brought before the meeting.

As at January 17, 2017, the number of eligible votes that may be cast in respect of each separate vote to be held at the meeting is 33,843,987.

Proxies to be used at the meeting must be received by the Bank's transfer agent, Computershare Investor Services Inc., Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, prior to the close of business on February 28, 2017.

By order of the Board of Directors,

Christian Marcoux
Secretary

Montreal, Quebec, January 17, 2017

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

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 at the meeting and wish to appoint the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting, simply complete, date, sign and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524, within the time limits indicated in the notice of meeting. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

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

INSTRUCTIONS FOR NON-REGISTERED* SHAREHOLDERS

Voting in person - If you wish to vote in person at the meeting, please enter your own name in the appropriate space on the voting instruction form that your intermediary sent you and return it to your intermediary, prior to the close of business on February 28, 2017 in accordance with the instructions provided by your intermediary or the Bank's transfer agent. You must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

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

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

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

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

TABLE OF CONTENTS

PART A – INFORMATION ON VOTING	1
PERSONS MAKING THE SOLICITATION	1
PROXY INSTRUCTIONS	1
REVOCABILITY OF PROXY	2
VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES	2
PART B – BUSINESS OF THE MEETING	3
FINANCIAL STATEMENTS	3
ELECTION OF DIRECTORS	3
APPOINTMENT OF THE AUDITOR	3
ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION	4
SHAREHOLDERS' PROPOSALS	4
PART C – DIRECTOR NOMINEES	5
PART D – COMPENSATION OF DIRECTORS	12
COMPENSATION STRUCTURE	12
COMPENSATION IN THE FORM OF SHARES OR DSUs	12
HOLDING OF SHARES AND DSUs	12
DIRECTORS' COMPENSATION TABLE	13
PART E – EXECUTIVE COMPENSATION	14
COMPENSATION DISCUSSION AND ANALYSIS	14
COMPONENTS OF OVERALL EXECUTIVE OFFICERS' COMPENSATION	17
SUMMARY COMPENSATION TABLE	36
INCENTIVE PLAN AWARDS	37
PENSION PLAN BENEFITS	38
TERMINATION AND CHANGE OF CONTROL BENEFITS	39
PART F – CORPORATE GOVERNANCE	41
BOARD OF DIRECTORS	41
STRATEGY OVERSIGHT	43
CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY	43
BOARD COMMITTEES	45
POSITION DESCRIPTIONS	49
CORPORATE ETHICS AND INTEGRITY	49
COMPENSATION	49
ADDITIONAL INFORMATION	49
PART G – OTHER INFORMATION	50
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	50
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	51
CODE OF PROCEDURE	51
MINUTES	51
ADDITIONAL INFORMATION	51
REMOTE VIEWING OF THE ANNUAL MEETING	51
DIRECTORS' APPROVAL	51
SCHEDULES	52
SCHEDULE A ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION	52
SCHEDULE B SHAREHOLDERS' PROPOSALS	53
SCHEDULE C STOCK OPTION PURCHASE PLAN	58
SCHEDULE D CODE OF PROCEDURE	59

Management Proxy Circular

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 17, 2017.

Good governance has always been at the forefront at the Bank. Over the years, the Board of Directors has taken steps to ensure that the best practices be proactively implemented. Among the new corporate governance initiatives that were implemented in 2016, the Board of Directors adopted a new governance policy which serves as a framework for its actions and relations. The governance policy provides shareholders and other stakeholders with a clear vision of all of the Bank's governance policies and practices in one document. The Board of Directors also established clear guidelines with respect to directors' tenure.

After a year of transition with a new executive team, the Board of Directors reviewed its compensation policy and made some adjustments. Among others, the Board of Directors has adopted a special executive incentive program for the senior executive team to support the Bank's transformation plan. For the executives who are significantly involved in the execution and delivery of the strategic plan, the special program will increase to 175% (up from 150%) the individual performance factor of the short-term incentive program if a performance is deemed to be superior. In addition, the selected executives will receive special grants of Performance Share Units. The Board of Directors believes that this new program clearly aligns executives' interests with those of shareholders. These Performance Share Units vest only upon 100% attainment of the Bank's adjusted return on common shareholders' equity objectives.

The Bank has been a true advocate of good corporate governance. For instance, the Bank adopted early on the advisory vote on executive compensation. On gender diversity, the numbers speak for themselves. Presided by a Chairwoman for the second time in its history, female representation on the Board of Directors is high and has been so for a number of years. The Board of Directors also approved a Board Diversity Policy to more clearly set out its approach to diversity and the criteria for directors' nomination. The Board of Directors reviews its effectiveness and the contribution of its members and an assessment is performed annually to review skills and competence and identify gaps. Over the past 10 years, the Bank has appointed 10 new independent members, thus demonstrating continuous renewal and the effectiveness of its review practices. As of this date, the only non-independent director is the President and Chief Executive Officer and the process for nominating directors is driven by the Human Resources and Corporate Governance Committee and is independent from management. To smoothly integrate new members, new directors are mentored by more experienced Board members as well as by management so as to ensure they fully understand the Bank's activities. Ongoing training is held for all directors so that they remain up to date on emerging issues. The Bank's General By-Laws state that a director must attend at least 60% of meetings of the Board of Directors during the two complete financial years preceding the annual meeting at which his re-election is proposed to be eligible for re-election.

These are only a few examples and reference is made to governance guidelines that are more detailed under Part F - Corporate Governance.

In this document, references to the Bank's Annual Information Form are references to the Bank's Annual Information Form dated December 6, 2016, and references to the Bank's Annual Report are references to the 2016 Annual Report, both of which are available on the Bank's website and on the SEDAR website at www.sedar.com.

PART A - INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation by Bank management of proxies to be used at the Bank's Annual Meeting of Shareholders, which will be held at the date, time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Meeting"), and at any adjournment thereof. Solicitation of proxies is made primarily by mail, as well as by telephone or other personal contact by employees. All solicitation costs will be borne by the Bank, and the Bank intends to pay for an intermediary to deliver the proxy-related materials to objecting beneficial owners (within the meaning attributed to such term in securities regulations).

PROXY INSTRUCTIONS

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

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

All valid proxies received by the Bank through Computershare Investor Services Inc. at the address set forth in the accompanying Notice of Meeting prior to the close of business on February 28, 2017 will be used for the 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.

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

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

FOR:

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

AGAINST:

- **the shareholders' proposals.**

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

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it in person or through an attorney authorized in writing by signing a written instrument and 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 Chair of the Meeting on the day of the Meeting, or any adjournment thereof, prior to the commencement of the Meeting, or in any other manner permitted by law.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On January 17, 2017, 33,843,987 common shares of the Bank were outstanding.

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

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

Only holders of common shares registered on the Bank's registers at the close of business on January 17, 2017 or their duly appointed proxyholders will be entitled to attend and vote at the Meeting.

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

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

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

The votes may be cast in person or by proxy.

PART B – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The Bank's consolidated financial statements for the fiscal year ended October 31, 2016 and the auditor's report thereon are included in the 2016 Annual Report mailed to shareholders on January 13, 2017. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), including the accounting requirements specified by the Office of the Superintendent of Financial Institutions (Canada).

ELECTION OF DIRECTORS

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

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

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

APPOINTMENT OF THE AUDITOR

On the advice of the Audit Committee, the Board of Directors recommends that the accounts of the Bank be audited by the accounting firm Ernst & Young LLP. Ernst & Young has continuously acted as auditor of the Bank either alone or in conjunction with another firm since 1990. In accordance with its mandate, the Audit Committee ensures that there is a 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 eligible to vote at the Meeting.

Evaluation of the Auditor

In accordance with the practice in effect, the Audit Committee proceeded with the evaluation of the external auditor for the past fiscal year. This evaluation takes into consideration the guidance on audit quality issued by the Canadian Public Accountability Board and the Chartered Professional Accountants of Canada.

The evaluation of the external auditor conducted by the Audit Committee is based primarily on the following criteria:

- i. the external auditor's expertise;
- ii. the quality of the audit work carried out;
- iii. the quality of the information transmitted;
- iv. the independence, objectivity and integrity demonstrated;
- v. the complexity / cost / value-added ratio of the services rendered; and
- vi. an overall assessment of the quality of the services.

Based on the aforementioned criteria, the Audit Committee was satisfied with the external auditor's services and, therefore, advised the Board of Directors to renew Ernst & Young's mandate for the fiscal year ending October 31, 2017.

Auditor's Fees

The table below presents the fees by category billed by the auditing firm Ernst & Young for fiscal year 2016 and 2015.

Fee Category	2016 (\$)	2015 (\$)
Audit	2,232,000	2,017,000
Audit-related services	567,000	792,000
Tax services	13,000	111,000
Other fees	0	12,000
Total	2,812,000	2,932,000

Further details on the auditor's category of fees are provided in Section 12.5 of the Bank's Annual Information Form.

During fiscal year 2016, the Audit Committee reviewed the policy regarding services that may be rendered by the Bank's external auditor. This policy is presented in Section 12.4 of the Bank's Annual Information Form.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

As resolved at the Bank's annual shareholders' meeting held on March 10, 2009, shareholders will be asked to vote again this year on a resolution concerning the Bank's approach to named executive officer compensation. This resolution is on an advisory basis only and cannot bind the Bank's Board of Directors. The Board of Directors will take the results of the vote into account during its deliberations on further modifications to policies, procedures or decisions concerning the compensation of named executive officers. 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 voting results on all other items on the agenda. The text of the resolution is set out in Schedule A of this Circular.

SHAREHOLDERS' PROPOSALS

The Bank received three proposals from the Mouvement d'éducation et de défense des actionnaires (MÉDAC), a Bank's shareholder whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3. After discussions held with Bank's management, MÉDAC agreed that the third proposal, entitled "A serious threat: the "uberisation" of banks" will not be submitted to a vote by shareholders, but will be included in the Circular for information purposes only.

The Bank also received two proposals from Mr. Mark Wilson, a Bank's shareholder residing at 56 Colborne Street, Elora, Ontario, N0B 1S0.

The text of these proposals and the Board's recommendations are included in Schedule B. If the proposals are brought before the meeting of shareholders, the proxyholders proposed on the attached form of proxy intend to vote **AGAINST** the proposals, unless other instructions are indicated on the forms of proxy.

Shareholders wishing to have a proposal included in the Bank's next management proxy circular must send the text of such proposal to the Secretary of the Bank no later than October 18, 2017.

PART C – DIRECTOR NOMINEES

At the 2016 annual and special meeting of shareholders, 11 directors of the Bank were elected. Over the course of the year, two additional individuals, namely Ms. Sonia Baxendale and Mr. Gordon Campbell were appointed to the Board of Directors. These two individuals are nominees for election at the upcoming meeting.

Ms. Jacqueline C. Orange has decided not to stand for reelection after nine years of valuable service to the Bank.

Mr. Jonathan I. Wener, a long-time member of the Board of Directors, has also decided to step down. In order to recognize his significant contribution to the Bank through his 19 years as a director, Mr. Wener was conferred by the Board of Directors the honorary status of Director Emeritus. As a result, the Board of Directors will continue to benefit from his great skills, experience and expertise.

The Board of Directors would like to thank Ms. Jacqueline C. Orange and Mr. Jonathan I. Wener for their dedicated years of service as directors of the Bank.

The number of directors to be elected at the 2017 annual meeting of shareholders is therefore 11. It is the intention of the persons proposed as proxyholders on the enclosed form of proxy to vote **FOR** the election of the proposed nominees named herein, unless specifically instructed on the form of proxy to withhold such vote on such question with respect to one, several or all of the nominees. All nominees have formally established their qualification, eligibility and willingness to serve on the Bank's Board of Directors.

For each proposed nominee for election as director, the following tables present:

- his/her name, age and municipality of residence;
- the date on which he/she became a director of the Bank;
- the fact that he/she is independent or not within the meaning of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* and based on the criteria adopted by the Bank's Board of Directors (such determination being made as at the date of this Circular);
- his/her main fields of expertise;
- his/her principal occupation and business, principal qualifications and relevant experience to serve on the Board of Directors;
- the other reporting issuers for which he/she serves or has served as director and, as the case may be, his/her role on the Board of the Directors or committees of the Board during the last five years;
- the Bank's Board committees on which he/she currently serves or served during the year, as well as his/her record of attendance at Board and committee meetings during the 2016 fiscal year;
- the number and value of Bank common shares beneficially owned directly or indirectly, or over which he/she exercises control or direction as at the date of this Circular and as at the date of the previous Management Proxy Circular (February 17, 2016); the share value as at January 17, 2017 and February 17, 2016 is the closing price of the Bank's common shares on the Toronto Stock Exchange on such dates, which was \$58.30 and \$47.79 respectively (information concerning the number of shares held was provided by each proposed nominee);
- the number and value of the Bank's deferred share units (DSUs) credited to him/her as at the date of this Circular and as at the date of the previous Management Proxy Circular (February 17, 2016); the unit value as at January 17, 2017 and February 17, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on such dates, which was \$58.30 and \$47.79 respectively;
- whether he/she complies or not with the minimum share ownership requirements for directors (such requirements being described in Part C - Compensation of directors);
- the value of total compensation received during fiscal year 2016 as a director of the Bank; and
- the percentage of votes received for his/her election at the 2016 annual and special meeting of shareholders.



Lise Bastarache is an economist and a corporate director.

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

Age: 52

Candiac, Quebec, Canada

Director since
March 7, 2006

Independent

Major fields of expertise:

- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services
- Financial Markets / Treasury

Reporting Issuer during the last five years

The Jean Coutu Group (PJC) Inc.	(2003 to date)
---------------------------------	----------------

Current Role on Boards and Committees

Member of the Audit Committee
Member of the Governance and Nominating Committee
Member of the Human Resources and Compensation Committee

Chartwell Retirement Residences	(2005 to date)
---------------------------------	----------------

Member of the Audit Committee
Member of the Investment Committee

Member of board/committees

Attendance

Attendance (Total)

Board of Directors	12 out of 12 (100%)	20 out of 20 (100%)
Audit Committee	8 out of 8 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	4,132	4,131	8,263	58.30	481,733	5,380	154%	Yes
Feb 17, 2016	4,132	3,546	7,678	47.79	366,932	5,000	154%	Yes

Value of total compensation received during the 2016 fiscal year

\$99,950

% of votes in favour of election at the 2016 Annual and Special Meeting

99.63%



Sonia Baxendale is a corporate director.

Ms. Baxendale holds a B.A. degree from the University of Toronto and, in 2014, received the ICD.D Director designation from the Institute of Corporate Directors, including completion of the Director's Education Program at the Rotman Business School of the University of Toronto. Ms. Baxendale was President, CIBC Retail Banking and Wealth Management and Senior Executive Vice-President, from 2005 to 2011. From 1992 to 2005, Ms. Baxendale held various leadership roles at CIBC, including Senior Executive Vice-President, CIBC Wealth Management, Executive Vice-President, Asset Management, Card Products and Collections, Executive Vice-President, Global Private Banking & Investment Management Services and Managing Director, CIBC Wood Gundy. Prior to her executive positions with CIBC, Ms. Baxendale held increasingly senior positions with Amex Bank of Canada and Saatchi & Saatchi Compton Hayhurst. Ms. Baxendale is a member of the Board of Directors and member of the Risk Committee and of the Human Resources and Compensation Committee of Foresters Insurance. She is also a member of the Board of Directors and Chair of the Audit and Finance Committee of both The Hospital for Sick Kids Foundation and The Toronto French School.

Age: 54

Toronto, Ontario, Canada

Director since
August 31, 2016

Independent

Major fields of expertise:

- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years

CI Financial Corp.	(2013 to date)
--------------------	----------------

Current Role on Boards and Committees

Chair of the Human Resources and Compensation Committee
Member of the Special Committee

Member of board/committees

Attendance

Attendance (Total)

Board of Directors	1 out of 1 (100%)	2 out of 2 (100%)
Audit Committee	1 out of 1 (100%)	

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	0	733	733	58.30	42,734	5,797	13%	No

Value of total compensation received during the 2016 fiscal year

\$17,269

% of votes in favour of election at the 2016 Annual and Special Meeting

N/A

Richard Bélanger, FCPA, FCA Summary of professional experience



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

A professional chartered accountant since 1980, Richard Bélanger was awarded the designation “Fellow” and the Prix Émérite by the Ordre des comptables professionnels agréés du Québec in 2004. He is Director and President of Toryvel Group Inc. and Doryfor Inc., a transportation company, Director and President of Quebec City Executive Terminal Inc., and the general partner of Terminal 611 LP, a company operating an airport terminal. He is also a Director and member of the Audit Committee of Optosecurity Inc., a development and marketing corporation specializing in software solutions for the protection of physical infrastructures.

Age: 59
 Lac-Beauport, Quebec, Canada
 Director since March 20, 2003
 Independent
 Major fields of expertise:
 - Financial Expertise
 - Risk Management
 - Corporate Social Responsibility and Sustainability
 - Human Resources / Compensation
 - Financial Markets / Treasury

Reporting Issuer during the last five years		Current Role on Boards and Committees							
WSP Global Group Inc.	(2007 to date)	Independent Director Chair of the Audit Committee Member of the Governance, Ethics and Compensation Committee							
Stella Jones Inc.	(1997 to 2012)								
Member of board/committees	Attendance	Attendance [Total]							
Board of Directors	12 out of 12 (100%)	24 out of 24 (100%)							
Audit Committee	6 out of 6 (100%)								
Risk Management Committee	4 out of 4 (100%)								
Human Resources and Corporate Governance Committee	2 out of 2 (100%)								
Securities held									
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors		
Jan 17, 2017	5,000	1,695	6,695	58.30	390,319	5,380	124%	Yes	
Feb 17, 2016	5,000	1,224	6,224	47.79	297,445	5,000	124%	Yes	
Value of total compensation received during the 2016 fiscal year				\$120,525					
% of votes in favour of election at the 2016 Annual and Special Meeting				96.05%					

Michael T. Boychuk, FCPA, FCA Summary of professional experience



Michael T. Boychuk is a Corporate Director.

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

Age: 61
 Baie d'Urfé, Quebec, Canada
 Director since August 30, 2013
 Independent
 Major fields of expertise:
 - Corporate Governance / Public Policy
 - Financial Expertise
 - Risk Management
 - Financial and Banking Services
 - Financial Markets / Treasury

Reporting Issuer during the last five years		Current Role on Boards and Committees							
Telesat Canada (U.S. S.E.C.)	(July 2015 to date)	Member of the Audit Committee							
GDI Integrated Facility Services Inc.	(May 2015 to date)	Chair of the Audit Committee							
Yellow Media Inc.	(2003 to 2012)								
Member of board/committees	Attendance	Attendance [Total]							
Board of Directors	12 out of 12 (100%)	23 out of 24 (96%)							
Audit Committee (Chair)	8 out of 8 (100%)								
Risk Management Committee	2 out of 2 (100%)								
Human Resources and Corporate Governance Committee	1 out of 2 (50%)								
Securities held									
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors		
Jan 17, 2017	1,225	5,085	6,310	58.30	367,873	5,380	117%	Yes	
Feb 17, 2016	1,130	4,359	5,489	47.79	262,319	5,000	110%	Yes	
Value of total compensation received during the 2016 fiscal year				\$108,700					
% of votes in favour of election at the 2016 Annual and Special Meeting				99.73%					



Gordon Campbell is a corporate director.

Mr. Campbell holds a B.A. in English and Urban Studies and a Masters of Business Administration. Mr. Campbell was Canada's High Commissioner to the United Kingdom and Northern Ireland from September 2011 to September 2016. Prior to that appointment, he was Premier of the Province of British Columbia for almost 10 years. He also served as leader of the Opposition in British Columbia from 1994 to 2001. Prior to that, Mr. Campbell was the Mayor of Vancouver for 7 years and the Chairperson of the Greater Vancouver Regional District (now called Metro Vancouver) from 1990 to 1993. Before his election as Mayor, he ran his own development company, Citycore Development Corporation. He was also General Manager of Development for Marathon British Columbia where he worked from 1976 to 1981. Mr. Campbell sits on the Board of Directors of Brit Insurance Holding B.V. as an independent director and member of the Audit Committee and on the Board of Directors of Grosvenor America as a non-executive Director and Chair of the Human Resources Committee.

Age: 69

Ottawa, Ontario, Canada

Director since
December 6, 2016

Independent

Major fields of expertise:

- Financial Expertise
- Corporate Governance / Public Policy
- Risk Management
- Corporate Social Responsibility and Sustainability
- Technology / Real Estate / Project Management

Reporting Issuer during the last five years

Current Role on Boards and Committees

None

Member of board/committees

Attendance

Attendance (Total)

Board of Directors

N/A (Note 2)

N/A (Note 2)

Audit Committee

N/A (Note 2)

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	606	117	723	58.30	42,151	5,176	14%	No

Value of total compensation received during the 2016 fiscal year

\$0 (Note 2)

% of votes in favour of election at the 2016 Annual and Special Meeting

N/A



Isabelle Courville is a corporate director.

Ms. Courville holds a Bachelor's degree in Engineering Physics from the École Polytechnique de Montréal and a Bachelor's degree in Civil Law from McGill University. From 2007 to 2013, she was President of Hydro-Québec Distribution and Hydro-Québec TransÉnergie. Previously, Ms. Courville was active for 20 years in the Canadian telecommunications industry where she served as President of Bell Canada's Enterprise Group and as President and Chief Executive Officer of Bell Nordiq Group. She sits on the Board of Directors of the Institute of Corporate Directors (ICD) and the Board of Directors of the Institute for Governance of private and public organizations (IGOPP).

Age: 54

Rosemère, Quebec, Canada

Director since
March 6, 2007

Independent

Major fields of expertise:

- Financial Expertise
- Corporate Social Responsibility and Sustainability
- Human Resources / Compensation
- Technology / Real Estate / Project Management
- Legal and Regulatory Affairs

Reporting Issuer during the last five years

Current Role on Boards and Committees

Canadian Pacific Railway Limited

(2013 to date)

Chair of the Management Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee

Veolia Environnement

(2015 to date)

Gecina

(2016 to date)

Member of the Audit and Risk Committee

TVA Group Inc.

(2013 to 2016)

Miranda Technologies inc.

(2006 to 2012)

Member of board/committees

Attendance

Attendance (Total)

Board of Directors
(Chair of the Board)

12 out of 12 (100%)

29 out of 29 (100%)

Audit Committee

8 out of 8 (100%)

Human Resources and Corporate Governance Committee

9 out of 9 (100%)

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	7,896	7,565	15,461	58.30	901,376	5,380	287%	Yes
Feb 17, 2016	7,896	6,819	14,715	47.79	703,230	5,000	294%	Yes

Value of total compensation received during the 2016 fiscal year

\$229,900

% of votes in favour of election at the 2016 Annual and Special Meeting

92.15%



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

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

Age: 46

Toronto, Ontario, Canada

Director since
November 1, 2015

Non-independent
(Member of Management)

Major fields of expertise:

- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years

Current Role on Boards and Committees

None

Member of board/committees

Attendance

Attendance (Total)

Board of Directors

12 out of 12 (100%)

12 out of 12 (100%)

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	7,489	—	7,489	58.30	436,609	(Note 3)	(Note 3)	(Note 3)
Feb 17, 2016	4,700	—	4,700	47.79	224,613	(Note 3)	(Note 3)	(Note 3)

Value of total compensation received during the 2016 fiscal year

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

% of votes in favour of election at the 2016 Annual and Special Meeting

99.73%



Michel Labonté is a corporate director.

Mr. Labonté was involved for over 13 years with 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 Executive Committee. In 2003, he was promoted to Senior Vice-President, Finance, Technology and Corporate Affairs, a position he held until 2005. From 2005 to his retirement in 2006, Mr. Labonté served as an executive advisor, and 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 serves on the Board of Otéra Capital, a subsidiary of the Caisse de dépôt et placement du Québec, chairs its Audit Committee and is a member of its Risk Management Committee. He is also a Director of the Canadian International Organ Competition.

Age: 71

Montreal, Quebec, Canada

Director since
March 10, 2009

Independent

Major fields of expertise:

- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Technology / Real Estate / Project Management
- Financial and Banking Services

Reporting Issuer during the last five years

Current Role on Boards and Committees

Metro Inc.

(2006 to date)

Chair of the Audit Committee

Member of the Human Resources Committee

Manac Inc.

(2013 to 2015)

Member of board/committees

Attendance

Attendance (Total)

Board of Directors

11 out of 12 (92%)

21 out of 22 (95%)

Risk Management Committee (Chair)

6 out of 6 (100%)

Human Resources and Corporate Governance Committee

4 out of 4 (100%)

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	681	7,842	8,523	58.30	496,891	5,380	158%	Yes
Feb 17, 2016	681	6,452	7,133	47.79	340,886	5,000	143%	Yes

Value of total compensation received during the 2016 fiscal year

\$122,400

% of votes in favour of election at the 2016 Annual and Special Meeting

99.69%

A. Michel Lavigne, FCPA, FCA Summary of professional experience



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

Age: 66
Laval, Quebec, Canada
Director since March 19, 2013
Independent
Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Reporting Issuer during the last five years		Current Role on Boards and Committees							
TVA Group Inc.	(2005 to date)	Member of the Audit Committee Member of the Compensation Committee							
Quebecor Inc.	(2013 to 2016)								
Primary Energy Recycling Corporation	(2013 to 2014)								
Member of board/committees	Attendance	Attendance (Total)							
Board of Directors	12 out of 12 (100%)	22 out of 22 (100%)							
Risk Management Committee	6 out of 6 (100%)								
Human Resources and Corporate Governance Committee	4 out of 4 (100%)								
Securities held									
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors		
Jan 17, 2017	5,000	1,421	6,421	58.30	374,344	5,380	119%	Yes	
Feb 17, 2016	5,000	884	5,884	47.79	281,196	5,000	118%	Yes	
Value of total compensation received during the 2016 fiscal year				\$104,900					
% of votes in favour of election at the 2016 Annual and Special Meeting				99.7%					

Michelle R. Savoy Summary of professional experience



Michelle R. Savoy is a corporate director. With over 25 years of experience in the investment industry including investment management and capital markets, Ms. Savoy has held senior corporate leadership roles. From 2003 until her retirement in 2011, she was the President of Capital Guardian (Canada) Inc., where she led the Canadian institutional marketing and distribution arm of Capital Guardian Trust Company in addition to being Co-Head, North America, of Institutional Client Relations and Marketing from 2005 to 2010. Her prior experience includes just under two years as a senior consultant with Spencer Stuart and Associates, Inc. and over a decade with CIBC World Markets where she ultimately served as Managing Director, Global Head of Fixed Income Sales. Ms. Savoy is a member of the Board of Directors of Nav Canada (member of the Pension Committee and member of the Corporate Governance Committee) and the Ontario Pension Board (member of the Audit Committee and of the Investment Committee). Ms. Savoy holds a Bachelor of Business Administration from University of Ottawa and received the ICD.D Director designation from the Institute of Corporate Directors, including completion of the Director's Education Program at the Rotman Business School of the University of Toronto.

Age: 57
Toronto, Ontario, Canada
Director since March 20, 2012
Independent
Major fields of expertise:
- Corporate Governance / Public Policy
- Financial Expertise
- Risk Management
- Human Resources / Compensation
- Financial and Banking Services

Reporting Issuer during the last five years		Current Role on Boards and Committees							
Pizza Pizza Royalty Corporation	(Nov. 2015 to date)								
Member of board/committees	Attendance	Attendance (Total)							
Board of Directors	12 out of 12 (100%)	21 out of 21 (100%)							
Human Resources and Corporate Governance Committee (Chair)	9 out of 9 (100%)								
Securities held									
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors		
Jan 17, 2017	4,616	4,148	8,764	58.30	510,941	5,380	163%	Yes	
Feb 17, 2016	4,133	2,688	6,821	47.79	325,976	5,000	136%	Yes	
Value of total compensation received during the 2016 fiscal year				\$111,150					
% of votes in favour of election at the 2016 Annual and Special Meeting				96.71%					



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

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

Age: 61

Toronto, Ontario, Canada

Director since
December 9, 2014

Independent

Major fields of expertise:

- Corporate Governance / Public Policy
- Risk Management
- Human Resources / Compensation
- Legal and Regulatory Affairs
- Financial Markets / Treasury

Reporting Issuer during the last five years

Aecon Group Inc.

(2016 to date)

Current Role on Boards and Committees

Member of the Audit Committee
Member of the Corporate Governance, Nominating and Compensation Committee

Member of board/committees

Attendance

Attendance (Total)

Board of Directors

12 out of 12 (100%)

18 out of 18 (100%)

Risk Management Committee

6 out of 6 (100%)

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Jan 17, 2017	1,174	2,630	3,804	58.30	221,773	5,380	71%	No
Feb 17, 2016	535	1,157	1,692	47.79	80,861	5,000	34%	No

Value of total compensation received during the 2016 fiscal year

\$99,950

% of votes in favour of election at the 2016 Annual and Special Meeting

99.71%

Note 1: New rules on share ownership were adopted on May 1, 2016. Each director must hold at least three times his fixed salary in common shares and/or DSUs. The minimum holding is based on the closing price of the common shares of the Bank on the Toronto Stock Exchange as of October 31, 2015, except for Ms. Baxendale and Mr. Campbell whose minimum holdings are based on the closing price of the common shares of the Bank on the Toronto Stock Exchange as of the dates they were appointed, August 31, 2016 and December 6, 2016 respectively.

Note 2: As Mr. Campbell was appointed after the end of the fiscal year, he did not attend any of the meetings nor receive any compensation in fiscal year 2016.

Note 3: Mr. Desjardins is not eligible for DSUs. The minimum share ownership requirements for Mr. Desjardins are those that apply to executive officers as more fully described in the "Minimum Share Ownership Requirements" section of the Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

Based on information provided by Mr. A. Michel Lavigne, he was fined \$20,000 by the Financial Markets Administrative Tribunal, which found that the directors of NSTEIN Technologies Inc. (NSTEIN), a reporting issuer, had executed a securities transaction by adopting a Board resolution granting NSTEIN stock options to its officers as well as to certain other employees of this reporting issuer, while in possession of privileged information. This ruling by the Tribunal has been appealed to the Court of Quebec on September 14, 2016.

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

The compensation structure for the Bank's directors is as follows:

	Annual compensation up until April 30, 2016	Annual compensation from May 1, 2016
Per annum fixed compensation for all directors	\$95,000 (including \$20,000 in the form of deferred share units)	\$95,000 (including \$20,000 in the form of deferred share units)
Per annum fixed compensation for the Chair of the Board	\$125,000	\$140,000
Per annum fixed compensation for the Chair of a permanent committee	\$15,000	\$20,000
Per annum fixed compensation for a director sitting on more than one committee, with the exception of the Chair of the Board	\$10,000	N/A
Per annum fixed compensation per committee on which a director sits, with the exception of the Chair of the Board	N/A	\$7,500

Directors receive no other fee for attending Board or committee meetings. Directors who are required to participate on behalf of the Bank in special committees, internal or external working groups or training sessions offered by the Bank receive an additional compensation of \$1,200 per meeting or training session. During the last fiscal year, some directors received compensation of this nature for their participation in training sessions. The amount received by each director is disclosed in the "Director Compensation Table" hereinafter. Directors are entitled to the reimbursement of their hotel and travel expenses upon presentation of supporting documentation.

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

Director compensation is paid in each quarter out of the amounts set out in By-Law XII of the Bank's General By-Laws.

COMPENSATION IN THE FORM OF SHARES OR DSUs

Since May 1, 2012, each director receives a portion of his or her annual compensation in deferred share units (DSUs). This annual grant is made following the publication of the third quarter results.

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

The value of the shares is determined on the basis of the market price at the time of payment to the director.

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

HOLDING OF SHARES AND DSUs

Each director must hold at least 3 times his fixed compensation in common shares and/or DSUs of the Bank. Even if there is no formal policy that sets a deadline for directors to meet the minimum share ownership requirement, at least 50% of the director's compensation must be used to acquire shares and/or DSUs until they reach the threshold. As at January 17, 2017, all directors exceeded the target ownership level of 3 times his/her fixed salary in common shares and/or DSUs, except for recently appointed directors: Ms. Baxendale (13% of the objective, appointed on August 31, 2016), Mr. Campbell (18% of the objective, appointed on December 6, 2016) and Ms. Wolburgh Jenah (70% of the objective, appointed on December 9, 2014). The number of shares and DSUs held by each proposed nominee for election as director is indicated in Part C - Director Nominees. Mr. Desjardins is subject to minimum share ownership requirements as President and Chief Executive Officer of the Bank, as described in Part E - Executive Compensation.

Members of the Bank's Board of Directors (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 place at the Bank, nor for any other incentive compensation programs.

DIRECTORS' COMPENSATION TABLE

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

Name	Cash (\$)	Shares/DSUs (\$)	Other Compensation (\$)	Total Fees (\$)
Lise Bastarache	78,750	20,000	1,200	99,950
Sonia Baxendale	0	17,269	0	17,269
Jean Bazin (Note 1)	39,000	8,667	0	47,667
Richard Bélanger	98,125	20,000	2,400	120,525
Michael T. Boychuk	87,500	20,000	1,200	108,700
Gordon Campbell (Note 2)	0	0	0	0
Isabelle Courville	207,500	20,000	2,400	229,900
François Desjardins (Note 3)	0	0	0	0
Pierre Genest (Note 4)	32,500	8,667	0	41,167
Michel Labonté	63,250	56,750	2,400	122,400
A. Michel Lavigne	82,500	20,000	2,400	104,900
Jacqueline C. Orange	78,750	20,000	1,200	99,950
Michelle R. Savoy	22,387	86,363	2,400	111,150
Jonathan I. Wener	3,248	95,502	0	98,750
Susan Wolburgh Jenah	1,094	97,656	1,200	99,950

Note 1: Mr. Bazin ceased to be a director on April 6, 2016.

Note 2: Mr. Campbell became a Director on December 6, 2016 and did not receive any compensation during the last fiscal year.

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

Note 4: Mr. Genest ceased to be a director on April 6, 2016.

PART E – EXECUTIVE COMPENSATION¹

For purposes of this Part, “Executive Officers” designates the Bank’s President and Chief Executive Officer and the persons in charge of a principal business unit or performing a policy-making function within the Bank. “Named Executive Officers” include the President and Chief Executive Officer, the Chief Financial Officer, and the three (3) other most highly compensated executive officers of the Bank (including any of its subsidiaries) at the end of the last fiscal year, as prescribed in *Regulation 51-102 Respecting Continuous Disclosure Obligations*. “Executives” designates the executive officers, as well as all the other Vice-Presidents of the Bank.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains all elements of compensation paid, made payable, awarded, granted, given or otherwise provided to the Named Executive Officers for the 2016 fiscal year, as well as the decision-making process relating to compensation. It includes an overview of the manner in which the Bank’s financial results impacted executive compensation. 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 Fiscal Year 2016

For the fiscal year ended October 31, 2016, the Bank’s adjusted net income totalled \$187.0 million or \$5.70 diluted per share, respectively up 9% and 1%, compared with \$172.2 million or \$5.62 diluted per share for the year ended October 31, 2015. Adjusted return on common shareholders’ equity (“ROE”) was maintained at 12% for the year ended October 31, 2016, compared with 2015.

On a reported basis, net income was \$151.9 million or \$4.55 diluted per share for the year ended October 31, 2016, compared with \$102.5 million or \$3.21 diluted per share in 2015. On the same basis, ROE was 9.6% for the year ended October 31, 2016, compared with 6.8% in 2015. Reported results for 2016 and 2015 took into account adjusting items, including impairment and restructuring charges.

With respect to the objective to achieve an adjusted ROE that is comparable to the average of the major Canadian banks, the Bank maintained its adjusted ROE at 12% while strengthening its capital and during a period when the average adjusted ROE of Canadian banks is under pressure.

To establish the Bank’s short-term financial objective for the purposes of the Short-Term Incentive Compensation program, the Human Resources and Corporate Governance Committee (the “HR Committee”) decided to use adjusted net income, as presented in the Bank’s 2016 Annual Report. As such, the adjusted net income taken into account for bonus purposes is \$187.0 million.

Executive Compensation Policy

The Bank adopted an executive compensation policy (the “Compensation Policy”) in 2009. The Compensation Policy addresses the subjects of governance, reference group, external advisors, components of overall executive compensation, balance between variable and fixed compensation, clawback procedure and minimum share ownership requirements. These elements are further discussed in the following sections.

The Compensation Policy’s objectives are to:

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

¹ The Bank uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess performance. The non-GAAP measures include adjusted net income and adjusted return on common shareholders’ equity have no standardized meaning prescribed by GAAP and which are unlikely to be comparable to any similar measures presented by other companies. These non-GAAP financial measures are considered useful to readers in obtaining a better understanding of the Bank’s financial results and analyzing its growth and profit potential more effectively. These adjusted measures are based on the Bank’s core activities and therefore exclude the effect of certain amounts designated as adjusting items due to their nature or significance. Additional information and detailed reconciliations are provided in the non-GAAP Financial Measures section on pages 17 and 18 of the Annual Report.

Governance

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

- Approves and reviews the Compensation Policy annually;
- Approves all elements related to compensation;
- Discusses the performance evaluations of those who report directly to the Bank's President and Chief Executive Officer; and
- Approves the disclosure of executive compensation.

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

The members of the HR Committee are Michelle R. Savoy (Chair), Richard Bélanger, Isabelle Courville, Michel Labonté and A. Michel Lavigne. All members are independent within the meaning of *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices*.

Each HR Committee member has direct experience that is relevant to his/her responsibilities in executive compensation, as described below.

Michelle R. Savoy (Chair)

- Held numerous management and Executive positions with Capital Guardian (Canada) Inc. from 2003 to 2011;
- Extensive expertise in pension fund management and in capital markets;
- Extensive training in the securities field;
- Recruiter partner with an international executive recruiting firm from 1997 to 1998;
- Member of the Bank's Risk Management Committee from August 2013 to December 2014;
- Member of the Pension Committee and member of the Corporate Governance Committee of Nav Canada since December 2015;
- Holds an ICD.D designation granted by the Institute of Corporate Directors; and
- Member of the Bank's HR Committee since December 2014 and Chair since April 2016.

Richard Bélanger

- Associate-director and founder of Bélanger, Girard, Lavoie, Mooney, a partnership of chartered accountants from 1982 to 1992;
- Director and President and co-owner of Toryvel Group Inc. since 1993;
- President and Chief Executive Officer of Daaquam Lumber Inc. from 1996 to 2003;
- Director and President of Doryfor Inc. since 2004;
- Member of the Bank's Audit Committee from March 2003 to August 2016 and Chair from March 2006 to August 2016;
- Member of the Bank's Risk Management Committee from March 2006 to August 2016;
- Director, Chair of the Audit Committee and member of the Governance, Ethics and Compensation Committee of WSP Global Inc. since 2007;
- Director and President of Quebec City Executive Terminal Inc., since January 2012; and
- Member of the Bank's HR Committee since August 2016.

Isabelle Courville

- President of Hydro-Québec Distribution, a division of Hydro-Québec with approximately 7,500 employees, from March 2011 to January 2013;
- President of Hydro-Québec TransÉnergie, a division of Hydro-Québec with approximately 3,500 employees, from 2007 to 2011;
- President of Bell Canada's Enterprise Group, a division of Bell Canada with approximately 5,000 employees, from 2003 to 2006;
- Chair of the Human Resources Committee and Corporate Governance of Miranda Technologies Inc. from 2006 to 2012;
- Director and member of the Audit Committee of the Institute of Corporate Directors since 2013;
- Member of the Compensation Committee of TVA Group Inc. from 2013 to 2016;
- Chair of the Management Resources and Compensation Committee of Canadian Pacific Railway Limited since January 2016; and
- Member of the Bank's HR Committee since 2008 and Chair of that Committee from March 2009 to March 2013.

Michel Labonté

- Acted successively as Senior Vice-President, Finance and Control and Senior Vice-President, Finance, Technology and Corporate Affairs of the National Bank of Canada from 1993 to 2005, involved in many aspects of the decision making process regarding compensation and benefits;
- Director, Chair of the Audit Committee and member of the Human Resources Committee of Metro Inc. since 2006;
- Holds an ICD.D designation granted by the Institute of Corporate Directors;
- Member of the Bank's Risk Management Committee since March 2009 and Chair since March 2013; and
- Member of the Bank's HR Committee since April 2016.

A. Michel Lavigne

- President and Chief Executive Officer of Raymond Chabot Grant Thornton in Montreal from 2001 to 2005;
- Attended the Corporate Governance University Certification Program of the Collège des administrateurs de sociétés with respect to various topics relating to talent management and executive compensation as well as the governance program relating to pension plans;
- Member of the Pension Committee of Canada Post Corporation since 2008 and Chair since 2012;
- Member of the Human Resources and Compensation Committee of Quebecor Media, from 2005 to 2016 and Chair from 2013 to 2016;
- Member of the Human Resources and Corporate Governance Committee of TVA Group, since 2013;
- Chair of the Human Resources and Compensation Committee of Quebecor Inc. from 2013 to 2016;
- Member of the Bank's Audit Committee from March 2013 to April 2015;
- Member of the Bank's Risk Management Committee since April 2015; and
- Member of the Bank's HR Committee since April 2016.

Based on the foregoing, the Board of Directors believes that, overall, the members of the HR Committee have the skills and experience that enable them to make informed decisions on the suitability of the Bank's compensation policies and practices.

Compensation Reference Group and Benchmarking

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

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

The HR Committee reviews the list of criteria and reference group prior to any compensation analysis.

External advisors analyze and compare Bank's Executives total target compensation with the reference group.

The HR Committee then reviews the results of the market study prepared by external advisors, receives and evaluates the President and Chief Executive Officer recommendations and, if appropriate, approve the compensation of Executives, excluding the President and Chief Executive Officer. With respect to the President and Chief Executive Officer' compensation, the HR Committee submits its recommendations to the Board of Directors for approval.

A single reference group is used to assess market value of overall executive compensation. The reference group is comprised of the following organizations (Note 1):

ATB Financial	Franklin Templeton Investments	Manulife Financial
Autorité des marchés financiers (AMF)	HSBC Bank of Canada	National Bank Financial Group
BMO Financial Group	IA Clarington Investments Inc	Royal Bank of Canada
Business Development Bank of Canada	Industrial Alliance Pacific General Insurance Corporation	The Bank of Nova Scotia
Canadian Imperial Bank of Commerce	ING Bank of Canada (Tangerine)	The Standard Life Assurance
Canadian Western Bank	Investors Group Inc.	Sun Life Financial
Dundee Wealth Inc.	La Capitale General Insurance Inc.	TD Bank Financial Group
Fédération des caisses Desjardins du Québec	Mackenzie Financial Corporation	Vancity Savings Credit Union
Fidelity Investments Canada		

Note 1: In October 2016, the Bank updated its reference group to reflect market changes ensuring thereby that organizations considered for benchmarking purposes reflect the selection criteria listed above.

The following organizations will be removed from the reference group: ATB Financial, AMF, Business Development Bank of Canada, Dundee Wealth, Fidelity Investments Canada, Franklin Templeton Investments, IA Clarington Investments Inc., ING Bank of Canada (Tangerine), La Capitale General Insurance Inc., Mackenzie Financial Corporation, The Standard Life Assurance and Vancity Savings Credit Union.

The following organizations will be added to the reference group: Caisse de dépôt et placement du Québec, Canaccord Genuity Group Inc., Element Financial, E-L Financial Corporation Limited, Equitable Group Inc., Export Development Canada, First National Financial Corporation, Genworth MI Canada Inc., Great-West Lifeco Inc., Home Capital Group Inc., Intact Financial Corporation, PSP Investments and TMX Group.

External Advisors

The Compensation Policy provides that external advisors be mandated to analyze and compare the target total compensation of the Bank's Executives with the reference group. In its analysis, the external advisors make appropriate adjustments in accordance with their methodology to take the Bank's relative size into consideration, as well as differences in responsibility levels among Executives of companies and organizations that form part of the reference group. The compensation of Executives is established using a regression analysis that estimates the amount of competitive compensation based on the size of the Corporation relative to that of other Canadian corporations in the reference group.

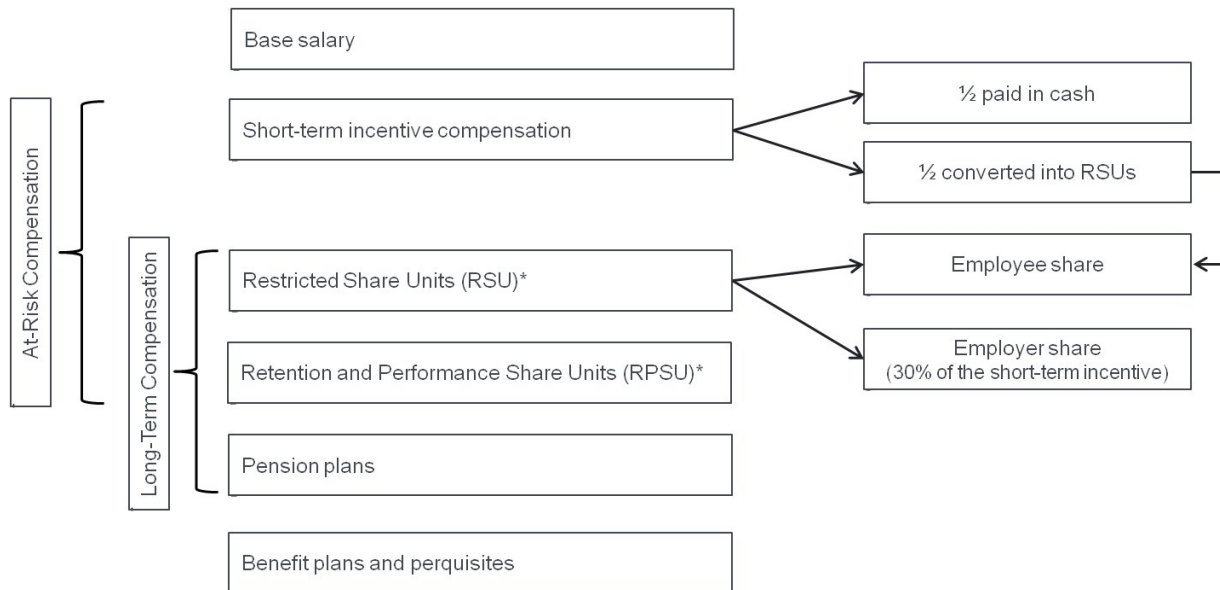
In accordance with the Bank's practice of assessing the positioning of its executive compensation every two years, a benchmark study was requested from Willis Towers Watson in October 2016. No significant changes to compensation were recommended following completion of the exercise.

Advisor	Executive Compensation-Related Fees (\$)		All Other Fees (\$)	
	2016	2015	2016	2015
Willis Towers Watson	167,158	—	140,095	—

COMPONENTS OF OVERALL EXECUTIVE OFFICERS' COMPENSATION

The Executives Officers compensation takes into account the following criteria:

- Market compensation for a similar position;
- Performance and individual contribution;
- Bank results and performance;
- Responsibility level; and
- Demonstrated skills.



* RSUs and RPSUs may be deferred, as explained the in "Long-Term Incentive Compensation" section below.

The components of executive officers' compensation are the following:

Compensation Component	Frequency	Elements of Analysis
Base salary	Reviewed annually	<ul style="list-style-type: none"> • Market compensation for a similar position; • Performance and individual contribution; • Responsibility level; and • Demonstrated skills.
Short-term incentive compensation	Awarded annually	<ul style="list-style-type: none"> • Comparison with the market to establish targets; and • Individual and corporate performance.
Restricted Share Units (RSUs)	Awarded annually (only if a bonus is paid under the short-term incentive compensation program)	<ul style="list-style-type: none"> • Comparison with the market to establish targets; and • Individual and corporate performance.
Retention & Performance Share Units (RPSUs)	Awarded annually	<ul style="list-style-type: none"> • Comparison with the market to establish targets; and • Corporate performance.
Defined benefit pension plan	Payable at retirement or termination	<ul style="list-style-type: none"> • Comparison with external market; • Calculated on base salary only; and • Based on recognized years of participation.
Benefit plans and perquisites	On a continuous basis	<ul style="list-style-type: none"> • Comparison with the market; and • Depending on the level, may benefit from certain additional advantages, such as supplementary life and accident insurance, additional health account, car and parking allowance and annual medical exam (over and above the basic plans).

Each component of overall executive officers' compensation is described in the following sections.

Base Salary

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

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

The HR Committee reviews the base salary of Executives annually.

Executives are eligible for an annual salary review. The President and Chief Executive Officer presents his direct reports' salary increase recommendations to the HR Committee. Salary increases vary based on the criteria listed above.

Performance Management and Incentive Compensation

The Bank sees performance management as a crucial exercise and a key factor in executive compensation. The HR Committee pays particular attention to this matter and ensures its application is rigorous.

The establishment of annual objectives is aligned with the Bank's strategic plan. The President and Chief Executive Officer proceeds annually with the annual performance evaluation of all Executive Vice-Presidents and the results are submitted to the HR Committee for approval.

As for the President and Chief Executive Officer, the objectives and performance assessment are determined by the Board of Directors, upon the HR Committee's recommendation.

Individual performance assessment is based on the level of achievement of objectives established according to the performance indicators outlined below:

Performance Indicators	Description
Financial Aspects	As a member of the Bank’s team, profitability is a shared objective. This is measured by the Adjusted Net Income, as stated in the financial statements of the Bank.
Core Accountabilities	Core accountabilities are specific for each Executive, based on their role and responsibilities. They may be measured by considering factors such as quality, efficiency, cost management and growth.
Compliance and Risks	Compliance and risk management are measured by compliance with regulatory obligations.
Projects and Strategies	Based on the progress of the strategic plan and deliverables under the Executive’s responsibility. Proper management of projects and buy-in from key stakeholders.
People Management	Proper management of human resources by demonstrating competencies in their leadership, planning and organization, communication, training and coaching.

Although the individual assessment determines performance level, the HR Committee reserves the right to take into consideration other elements when assessing an Executive’s performance.

Incentive Compensation

Incentive compensation is composed of the three following programs:

- Short-term Incentive compensation;
- Long-term Incentive compensation; and
- Transformation Incentive compensation.

Short-Term Incentive Compensation

The main purpose of the Short-Term Incentive Compensation Program is to recognize the attainment of the individual performance objectives as well as the Bank’s financial objectives.

The payout under the program is calculated as follows:

$$\text{Bonus Target} \times \text{Individual Performance Factor} \times \text{Financial Performance Factor} = \text{Short-Term Incentive Compensation Payout}$$

Both performance factors (individual and financial) can vary from 0% to 150% of the target. Since the factors are multiplicative, the short-term incentive compensation can vary from 0% to 225% of the target.

Bonus Target

The Bonus Target is based on the market and hierarchical level of each executive, as follows:

- President and Chief Executive Officer: 100% of the base salary; and
- Executive Vice-Presidents: 65% or 80% of the base salary.

Individual Performance Factor

Individual performance is assessed based on the performance indicators mentioned above. The grid below shows the individual factor for each performance rating:

Superior performance	Above expectations	Meets expectations	Near Expectation	Below expectations
150%	120%	100%	50% to 80%	0%

Financial Performance Factor

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

A minimum target of adjusted net income must be reached in order to trigger the payment of an annual bonus. No bonuses are paid if the threshold is not reached.

Short-Term Incentive Payout

Executives are paid 50% of their annual incentive compensation in cash and must convert 50% into Restricted Share Units which vest after three years to promote share ownership and a better alignment with the interests of the shareholders.

Long-Term Incentive Compensation

Annually, the Bank grants Restricted Share Units and Retention & Performance Share Units to its Executives. These programs' objectives aim to:

- Align Executives' interests with those of shareholders over a long-term perspective (three years);
- Promote sustained and long-term performance;
- Retain key Executives; and
- Create a direct link between the Bank's performance and compensation.

Restricted Share Units (RSUs)

Executives must convert 50% of their annual bonus into RSUs while the Bank grants additional RSUs representing 30% of the annual bonus. No RSUs are granted in the event that the Executive is not entitled to an annual bonus under the Short-Term Incentive Compensation program.

RSUs vest on the third anniversary of the grant. Executives must elect to participate in the RSU or the Deferred RSU (DRSU) version of the plan. Under the RSU plan, the payout is made on the vesting date, which is three years after the grant. Under the DRSU plan, the payout is made at the time the Executive leaves the Bank, but always subject to the three year vesting period.

Retention and Performance Share Units (RPSUs)

The Retention and Performance Share Units (RPSUs) plan has two components:

- Retention: aims to retain key Executives (75% of the target grant is not linked to performance); and
- Performance: aligns compensation and the Bank's performance.

RPSUs are granted at the discretion of the HR Committee and are generally approved annually. The grants are based on the hierarchy level of the Executives. The grant is 132% of the base salary for Executive Vice-Presidents, and 270% of the base salary for the President and Chief Executive Officer. RPSUs vest on the third anniversary of the grant.

Upon vesting, the number of RPSUs is adjusted based on the Bank's performance. The payout varies between 75% and 125% of the number of units granted. The performance measure is the three year Total Shareholders Return (TSR) average compared with the Banks' performance comparator group. The comparator group is defined as the XFN - S&P/TSX Capped Financials Index Fund, which is comprised of Canadian financial sector issuers listed on the Toronto Stock Exchange.

The TSR is equal to the share price at the end of the period minus the share price at the beginning of the period plus paid dividends, divided by the share price at the beginning of the period.

Executives meeting the share ownership guidelines must elect to participate in the RPSU or the Deferred RPSU (DRPSU) version of the plan. Executives not meeting the share ownership guidelines receive DRPSUs. Under the RPSU plan, the payout is made on the vesting date, which is three years after the grant. Under the DRPSU plan, the payout is made at the time the Executive leaves the Bank, but always subject to the three year vesting period.

Transformation Incentive Compensation

The Bank is embarking on a strategic transformation plan aiming at doubling the size of the Bank over the next seven years and improving the ROE to a level that is comparable to the average of the banking industry. In that context, the Bank introduced a special incentive program for its Executives that is linked to the successful execution of the transformation plan. The objectives of the special incentive program are as follows:

- Provide the Executives with a direct incentive to promote the successful execution of the transformation plan;
- Promote retention of the Executive team during the period of transformation; and
- Provide Executives with an opportunity to participate in the growth in shareholders' economic value which is directly generated by the successful execution of the transformation plan.

The special incentive program will be in addition to the current incentive programs. The value of the special incentive program, when added to the value of the current compensation package, will bring the value of total compensation package between the market median and the 75th percentile of the market.

This plan is to be reviewed and approved by the HR Committee on a yearly basis. The program starts in fiscal 2017 with the intention to have the last grants vest in 2022.

For the Executives who are significantly involved in the execution and delivery of the strategic plan, the special program will increase to 175% (up from 150%) the individual performance factor of the short-term incentive program if a performance is deemed to be superior. This adjustment will also promote an increase in ownership of Bank's shares by Executives given that a minimum of 50% of the bonus, and the 30% employer match, must be settled in RSUs.

In addition, the selected Executives will receive special grants of Performance Share Units (PSU).

The special PSU will vest at the third anniversary of the grant and be subject to the Bank's performance. The Bank's performance will be based on the adjusted ROE compared with the six major Canadian banks, an objective of the transformation plan.

Executives will only receive a payment in respect of their special PSU if, the following performance targets are attained for 100% at the end of fiscal 2019:

- Adjusted ROE of the Bank - no worse than 300 basis points below the average ROE of the six major Canadian banks for fiscal 2019 (relative performance); or
- Adjusted ROE of the Bank of 14% or better for fiscal 2019 (absolute performance).

There is no partial vesting or any type of guaranteed payment below these targets.

The following table illustrates the vesting under various performance scenarios:

(Scenario A) Bank's ROE	(Scenario B) Six major Canadian banks' ROE	(Scenario C) ROE spread (basis points)	Vesting
13%	18%	-500	0%
14%	18%	-400	100%
13%	16%	-300	100%
12%	16%	-400	0%
13%	11%	+200	100%

In December 2016, the HR Committee granted special PSUs for fiscal 2017 to the following Named Executive Officers:

Named Executive Officers	Special PSU grants (% of base salary)
François Desjardins President and Chief Executive Officer	100%
François Laurin Executive Vice-President and Chief Financial Officer	40%
Stéphane Therrien Executive Vice-President, Personal & Commercial Banking, Laurentian Bank and President and Chief Executive Officer, LBC Financial Services	80%
Deborah Rose President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank	80%
Susan Kudzman Executive Vice-President, Chief Risk Officer and Corporate Affairs	40%

Stock Options and Stock Appreciation Rights (SARs)

Although these plans exist, no grants have been made and no Named Executive Officers currently hold any stock options or SARs. Although the HR Committee periodically reviews overall incentive compensation programs available to Executives, it has no plans at this time to introduce any further option-based or stock appreciation award plans.

The principal terms and conditions of the Bank's Stock Option plan can be found in Schedule C.

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

Plan Category	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2016	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2016 (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders (Note 1)	—	—	124,962 (Note 2)
Equity compensation plans not approved by security holders	—	—	—

Note 1: Stock Option Purchase Plan for the Executives of the Laurentian Bank of Canada and its Subsidiaries

Note 2: The dilution level of options remaining available as a percentage of shares outstanding is 0.369% (based on 33,842,170 common shares outstanding as at October 31, 2016).

Pension Plans

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

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

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

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

Benefit Plans and Perquisites

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

Balance Between Variable and Fixed Compensation

The proportion between fixed and variable compensation varies with the hierarchical level and the global performance factor of each Executive and aims to align the Executives' interests with those of the shareholders.

The HR Committee's intention is to maintain the right balance and consistency between the expected return, prudent risk management and compensation being offered. The "Performance and Total Compensation of Named Executive Officers" section indicates the proportion of fixed and variable compensation of each Named Executive Officer for fiscal year 2016.

Clawback Procedure

The clawback policy provides that if the Bank's financial statements for a previous year were to be restated due to fraud or a serious irregularity, the HR Committee could decide to adjust annual bonuses and share units awarded based on financial performance in accordance with the restated financial results.

Minimum Share Ownership Level Requirements

In order to foster long-term engagement of Executives, the HR Committee adopted minimum share ownership level requirements. These requirements are currently as follows:

Level	Minimum Requirement
President and Chief Executive Officer	5 x base salary
Executive Vice-President	3 x base salary

The share ownership level attained by each Executive is evaluated annually based on the higher of the closing price of the Bank's common shares on October 31 or on the purchase or award date. The following shares and share units are included in the share ownership calculation:

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

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

The "Performance and Total Compensation of Named Executive Officers" section indicates the share ownership levels of Named Executive Officers as at October 31, 2016.

Risk Analysis

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

Since 2010, the HR Committee and the Risk Management Committee have been conducting an annual examination of the risk analysis of the compensation programs prepared by the Executive Vice-President, Chief Risk Officer and Corporate Affairs based on the analysis grid. The last such analysis was conducted in December 2016. As a result of this assessment, the HR Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

The following elements help reduce risks related to compensation:

- Short-term incentive compensation is capped at 225% of target;
- RPSUs are medium term compensation which are based on the Bank's financial performance that span a three year period and are capped at 125% of the grant;
- Clawback policy; and
- Hedging is prohibited.

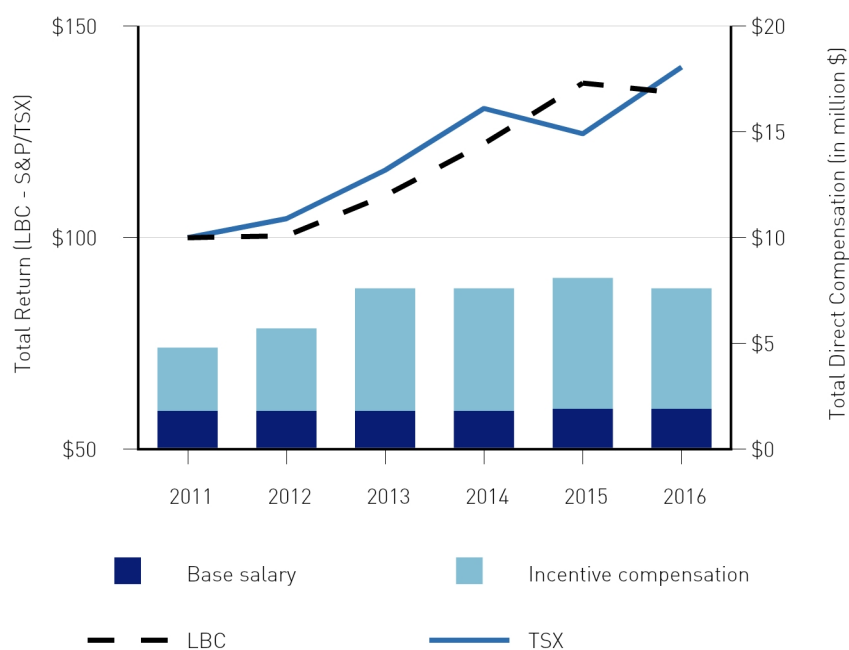
Hedging

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

Performance Graph

The following graph represents the comparison between the cumulative total return for \$100 invested in the Bank's common shares on October 31, 2011, assuming reinvestment of dividends, and the cumulative total return of the Toronto Stock Exchange's S&P/TSX Composite Index for the last five fiscal years.

The graph also sets out the total direct compensation (base salary and incentive compensation) paid to Named Executive Officers for the last five fiscal years.



	2011	2012	2013	2014	2015	2016
Base Salary (in million \$)	\$1.8	\$1.8	\$1.8	\$1.8	\$1.9	\$1.9
Incentive Compensation (in million \$)	\$3.0	\$3.9	\$5.8	\$5.8	\$6.2	\$5.7
Total Direct Compensation (in million \$)	\$4.8	\$5.7	\$7.6	\$7.6	\$8.1	\$7.6
Laurentian Bank of Canada	\$100	\$100	\$110	\$122	\$137	\$134
S&P/TSX Composite Index	\$100	\$104	\$116	\$131	\$124	\$140

Trend Analysis

For the period covered by the graph, the Bank succeeded in significantly improving its core financial indicators as follows:

- Adjusted net income increased by 43% from \$130.4 million in 2011 to \$187.0 million in 2016. On a reported basis, net income increased by 23% from \$123.7 million in 2011 to \$151.9 million in 2016;
- Adjusted diluted earnings per share grew over the past five years from \$4.93 in 2011 to \$5.70 in 2016 - an increase of 16%. On a reported basis, diluted earnings per share decreased by 2% from \$4.65 in 2011 to \$4.55 in 2016, in part due to impairment and restructuring charges taken in the fourth quarter of 2016;
- Loans and acceptances increased by 51% over the past five years, up from \$22.1 billion in 2011 to \$33.4 billion in 2016;
- Credit quality remained excellent, with a provision for credit losses expressed as a percentage of average loans and acceptances of 0.11% in 2016;
- Deposits increased by 38% over the past five years, up from \$20.0 billion in 2011 to \$27.6 billion in 2016; and
- The quarterly dividend grew from \$0.42 to \$0.60 per share over five years, representing an increase of 43%.

During the period covered by the graph, the data shows that the level of total direct compensation received by Named Executive Officers varies in sync with the total return trend of the Bank's common shares.

Performance and Total Compensation of Named Executive Officers



François Desjardins
President and Chief Executive Officer

François Desjardins was named President and Chief Executive Officer of Laurentian Bank on November 1, 2015. After joining Laurentian Bank in 1991, he quickly rose through the ranks. A seasoned manager, he was appointed President and Chief Executive Officer of B2B Bank in 2004 and Executive Vice-President of Laurentian Bank in 2006.

Performance

		2016 Performance
		Performance indicators
		Accomplishments
Sector contribution	Financial Aspects	The Bank generated adjusted net income of \$187.0 million, up by 9.0% from the previous year. Adjusted return on common shareholders' equity totalled 12.0% in 2016, the same level as the previous year. Adjusted efficiency ratio was 69.6% in 2016, compared to 71.3% in the previous year. Adjusted diluted earnings per share amounted to \$5.70, up 1% from the previous year. The Bank's adjusted operating leverage for 2016 was 2.5%, compared to -0.4% in 2015.
	Core Accountability	Loans to business customers: the portfolio increased by \$ 2.0 billion, to reach \$10.0 billion, up 25% year-over-year. Residential mortgage loans through independent brokers and advisors: the portfolio increased by \$1.3 billion, to reach \$7.0 billion, up 23% year-over-year. Mutual funds to retail clients: the portfolio increased by \$0.1 billion, to reach \$3.4 billion, up 3% year-over-year. Assets under management at Laurentian Bank Securities increased by \$0.4 billion, to reach \$3.5 billion, up 13% year-over-year.
	Compliance & Risk	Compliance projects were integrated into the 2015-2022 Strategic Transformation Plan as well as into the initiative management process. Due to disciplined management of credit activities and portfolio diversification, provisions for credit losses remained lower than the average within the Canadian banking industry in 2016.
	Projects & Strategies	Mr. Desjardins implemented the main pillars as well as an extensive initiative management process to ensure the success of the 2015-2022 Strategic Transformation Plan. All of the first year strategic objectives were met, notably with respect to the optimization of Retail banking activities and of the Bank's securitization financing, to the selection of the new core banking system as well as to the increase of Business Services in the Bank mix through the acquisition of CIT Canada's activities.
Competencies	Behaviour & Values	Mr. Desjardins demonstrated mobilizing leadership and conveyed the Bank's vision while giving life to the organization's values: honesty, simplicity and proximity. Many employee mobilization activities took place across Canada, in order to communicate and align the objectives, aspirations and strategic priorities.
	Professional Development	Mr. Desjardins shared the Bank's Strategic Transformation Plan content with the main stakeholders of the business, financial and regulatory communities.
	People Management	Mr. Desjardins put in place a new Executive team, optimized the decision-making process and hired talented individuals in key positions. The Executives' performance objectives were revised, as well as their compensation programs in support of the 2015-2022 Strategic Transformation Plan.

The HR Committee considered Mr. Desjardins' overall performance in 2016 to be Superior.

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Desjardins for the last three fiscal years. Except as noted, the amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2016 (\$)	2015 (\$)	2014 (\$)
Short-term compensation			
Base salary	549,910	373,976	336,377
Short-term incentive compensation not converted into RSUs	423,720	350,000	190,752
Medium and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	423,720	350,000	190,752
Employer share converted into RSUs	254,232	210,000	114,451
RPSUs	1,012,500	495,000	579,000
Total direct compensation	2,664,082	1,778,976	1,411,332
Pension plans			
Annual cost of retirement benefits	279,000	1,097,000	71,000
Benefit plans and perquisites (Note 1)	54,858	248,187	246,269
Total compensation	2,997,940	3,124,163	1,728,601

Note 1: Mr. Desjardins received a monthly allowance of \$16,667 (\$200,000 annually) for his accommodation in Toronto and his travels between Montreal and Toronto. This allowance ceased on November 1, 2015.

Mr. Desjardins' short-term incentive target for fiscal 2016 was 100% of his base salary.

Fixed vs Variable Compensation

The table below indicates the proportion of Mr. Desjardins' fixed and variable compensation for fiscal year 2016.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and RPSUs
\$549,910	\$423,720	\$1,690,452
21%	16%	63%
	79%	

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Desjardins' level of share ownership as at October 31, 2016 is indicated below.

Share ownership Requirement (x salary)	Base Salary Set at the Beginning of Fiscal year 2016	Shares (#)	Share Units (#)	Total Value (Note 1)	Attainment Level
5	\$550,000	7,290	138,684	\$7,235,931	263%

Note 1: The value as at October 31, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date (\$49.57).



François Laurin,
FCPA, FCA, CFA

Executive Vice-President
and Chief Financial
Officer

François Laurin is responsible for the Bank's activities in the areas of finance, accounting, treasury, taxation, investor relations, mergers and acquisitions, and internal audit. He has held this role since August 2015. With 30 years of experience in corporate financing and financial accounting, François Laurin has worked at a number of large organizations operating within the finance, mining and telecommunications sectors.

Performance

		2016 Performance
		Performance indicators
		Accomplishments
Sector contribution	Financial Aspects	The Bank generated adjusted net income of \$187.0 million, up by 9.0 % from the previous year. Adjusted return on common shareholders' equity totalled 12.0% in 2016, the same level as the previous year. Adjusted efficiency ratio was 69.6% in 2016, compared to 71.3% in the previous year. Adjusted diluted earnings per share amounted to \$5.70, up 1% from the previous year. The Bank's adjusted operating leverage for 2016 was 2.5%, compared to -0.4% in 2015.
		The Bank's CET1 ratio was 8.0% at year-end 2016, an increase of 40 basis points compared to year-end 2015. Mr. Laurin provided a strong leadership as Chair of the Corporate Finance Committee, which was implemented in 2016, to ensure proactive management of asset growth, funding, liquidity and capital as well as profitability.
	Core Accountability	Led the development of a project that aims at enhancing the liquidity and capital management system. Improved proactive risk management of structural interest rates, liquidity, capital and funding. Developed a new cost allocation methodology which will be deployed in 2017.
	Compliance & Risk	Successfully completed rigorous financial controls and certifications throughout the year as well as rigorous management of liquidity and corporate investments within risk limits.
	Projects & Strategies	Optimized financing diversification including securitization in order to support the expected growth. Strengthened the Mergers and Acquisitions Team in order to support potential future acquisitions.
Competencies	Behaviour & Values	Mr. Laurin's leadership ensured that all financial activities were carried out with the highest quality standards.
	Professional Development	Mr. Laurin's expertise acquired in other business sectors translated in innovative financial management solutions.
	People Management	Mr. Laurin provided his team with a greater role in decision-making thereby increasing their accountability and their performance.

The HR Committee considered Mr. Laurin's overall performance in 2016 to be Superior.

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Laurin for the last three fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2016 (\$)	2015 (\$)	2014 (\$)
Short-term compensation			
Base salary	299,182	57,535	—
Short-term incentive compensation not converted into RSUs	150,228	23,693	—
Medium and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	150,228	23,693	—
Employer share converted into RSUs	90,137	14,216	—
RPSUs	396,000	0	—
Total direct compensation	1,085,775	119,136	—
Pension plans			
Annual cost of retirement benefits	76,000	15,000	—
Benefit plans and perquisites	39,543	6,774	—
Total compensation	1,201,318	140,910	—

Mr. Laurin joined the Bank on August 10, 2015.

Mr. Laurin's short-term incentive target for fiscal 2016 was 65% of his base salary.

Fixed vs Variable Compensation

The table below indicates the proportion of Mr. Laurin's fixed and variable compensation for fiscal year 2016.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and RPSUs
\$299,182	\$150,228	\$636,365
28%	14%	58%
	72%	

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Laurin's level of share ownership as at October 31, 2016 is indicated below.

Share ownership Requirement (x salary)	Base Salary Set at the Beginning of Fiscal year 2016	Shares (#)	Share Units (#)	Total Value (Note 1)	Attainment Level
3	\$300,000	387	10,741	\$551,615	61%

Note 1: The value as at October 31, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date (\$49.57).



Stéphane Therrien

Executive Vice-President,
Personal & Commercial
Banking, Laurentian
Bank and President and
Chief Executive Officer,
LBC Financial Services

Stéphane Therrien has led the Business Services unit since 2012, the year he joined Laurentian Bank. In 2015, he was also appointed to head the Bank's Retail Services unit. He is a seasoned manager with almost 30 years of experience in the financing sector. He previously worked for 18 years at GE Capital where he successfully held various senior management positions including seven years as Chief Commercial Officer, Canada.

Performance

		2016 Performance	
		Performance indicators	Accomplishments
Sector contribution	Financial Aspects	<p>The Bank generated adjusted net income of \$187.0 million, up by 9.0 % from the previous year. Adjusted return on common shareholders' equity totalled 12.0% in 2016, the same level as the previous year.</p> <p>Adjusted efficiency ratio was 69.6% in 2016, compared to 71.3% in the previous year.</p> <p>Adjusted diluted earnings per share amounted to \$ 5.70, up 1% from the previous year.</p> <p>The Bank's adjusted operating leverage for 2016 was 2.5%, compared to -0.4% in 2015.</p> <p>The Business Services sector far exceeded its annual objectives, most particularly the loans to business customers: the portfolio increased by \$ 2.0 billion, to reach \$ 10.0 billion, up 25% year over year.</p>	
	Core Accountability	<p>Retail and Business loans, including those of CIT's Canadian operations, generated a growth that was 61% higher than the annual budget.</p> <p>Acquisition of the Canadian activities of CIT Canada, increasing the percentage of revenue generated by the commercial activities.</p>	
	Compliance & Risk	<p>Compliance governance was improved as a result of optimization initiatives carried out throughout the year.</p> <p>Loan losses were lower than expected in both Retail and Business Services.</p>	
	Projects & Strategies	<p>Successfully led the Commercial excellence strategy allowing a proactive management of capabilities and resources.</p> <p>Planned Retail banking activities optimization initiatives were completed: branch mergers, product offer simplification and different initiatives increasing sales efficiency.</p>	
Competencies	Behaviour & Values	<p>Significant improvement of climate within Business Services and Retail Services as a result of regular and open dialogue with all employees.</p>	
	Professional Development	<p>Chaired the new Operations Committee which manages the Bank's strategic plan initiatives.</p>	
	People Management	<p>Significant and measurable improvement of the sales culture in Business Services as demonstrated by the performance of the sector.</p> <p>Initiatives to improve the sales culture in the Retail sector were launched in 2016.</p> <p>Integration of the workforce of CIT Canada following the acquisition of its activities.</p>	

The HR Committee considered Mr. Therrien's overall performance in 2016 to be Superior.

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Mr. Therrien for the last three completed fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2016 (\$)	2015 (\$)	2014 (\$)
Short-term compensation			
Base salary	400,489	348,814	301,175
Short-term incentive compensation not converted into RSUs	246,528	252,720	155,145
Medium and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	246,528	252,720	155,145
Employer share converted into RSUs	147,917	151,632	93,087
RPSUs	528,000	402,600	457,800
Total direct compensation	1,569,462	1,408,486	1,162,352
Pension plans			
Annual cost of retirement benefits	111,000	172,000	76,000
Benefit plans and perquisites	41,893	39,841	36,724
Total compensation	1,722,355	1,620,327	1,275,076

Mr. Therrien's short-term incentive target for fiscal 2016 was 80% of his base salary.

Fixed vs Variable Compensation

The table below indicates the proportion of Mr. Therrien's fixed and variable compensation for fiscal year 2016.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and RPSUs
\$400,489	\$246,528	\$922,445
26%	16%	58%
	74%	

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Mr. Therrien's level of share ownership as at October 31, 2016 is indicated below.

Share ownership Requirement (x salary)	Base Salary Set at the Beginning of Fiscal year 2016	Shares (#)	Share Units (#)	Total Value (Note 1)	Attainment Level
3	\$400,000	1,437	64,789	\$3,282,823	274%

Note 1: The value as at October 31, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date (\$49.57).



Deborah Rose
 President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank

Deborah Rose joined B2B Bank in 2011. In 2015, she was appointed President and Chief Executive Officer of B2B Bank and Chief Information Officer of Laurentian Bank, where she oversees the development and management of information technologies. Prior to joining B2B Bank, Deborah Rose was Senior Vice-President, Business Operations at International Financial Data Services. Her career in financial services spans over 20 years.

Performance

		2016 Performance	
		Performance indicators	Accomplishments
Sector contribution	Financial Aspects		<p>The Bank generated adjusted net income of \$187.0 million, up by 9.0% from the previous year. Adjusted return on common shareholders' equity totalled 12.0% in 2016, the same level as the previous year.</p> <p>Adjusted efficiency ratio was 69.6% in 2016, compared to 71.3% in the previous year.</p> <p>Adjusted diluted earnings per share amounted to \$5.70, up 1% from the previous year.</p> <p>The Bank's adjusted operating leverage for 2016 was 2.5%, compared to -0.4% in 2015.</p> <p>B2B Bank is well positioned in the Broker Mortgage segment and was successful in achieving a 23% growth in its mortgage portfolio year-over-year to bring this mortgage segment asset balance to \$7.0 billion at the end of the year.</p>
	Core Accountability		<p>Ms. Rose's focus as Chief Information Officer was to ensure that service capabilities were augmented and that the whole organization was adequately supported in transformation initiatives requiring technology support.</p> <p>Proper management of all aspects of the B2B Bank business contributed to meet or exceed objectives related to both B2B Bank strategic and operational plans.</p>
	Compliance & Risk		<p>All Anti-Money Laundering and Anti-Terrorist Financing compliance elements were successfully delivered. In addition, Client Relationship Management (phase 2) implementation in B2B Bank Dealer Services progressed as planned.</p>
	Projects & Strategies		<p>Ms. Rose's leadership was instrumental in major strategic initiatives such as the replacement of the Core Banking System, the enhancement of IT infrastructure management, the Transformation Plan governance, and the completion of the B2B Bank Product Line-up.</p>
Competencies	Behaviour & Values		<p>Employees' individual performance objectives were enhanced, including selected professional behaviors, to better support the organization's values.</p>
	Professional Development		<p>Ms. Rose's broad expertise and knowledge was leveraged to support the strategic business development and progress of the organization's transformation plan.</p>
	People Management		<p>Several initiatives were put in place to maintain a very high engagement at all levels of the B2B Bank organization.</p>

The HR Committee considered Ms. Rose's overall performance in 2016 to be Superior.

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Ms. Rose for the last three completed fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2016 (\$)	2015 (\$)	2014 (\$)
Short-term compensation			
Base salary	325,957	282,044	219,830
Short-term incentive compensation not converted into RSUs	162,747	166,835	104,732
Medium and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	162,747	166,835	104,732
Employer share converted into RSUs	97,648	100,101	62,839
RPSUs (Note 1)	429,000	181,250	178,650
Total direct compensation	1,178,099	897,064	670,783
Pension plans			
Annual cost of retirement benefits	87,000	166,000	49,000
Benefit plans and perquisites	36,179	29,930	31,320
Total compensation	1,301,278	1,092,994	751,103

Note 1: Ms. Rose received an additional RPSU grant in 2015 of \$ 40,000.

Ms. Rose was promoted to President and Chief Executive Officer of B2B Bank, Executive Vice-President of Laurentian Bank on June 1, 2015.

Ms. Rose's short-term incentive target for fiscal 2016 was 65% of her base salary.

Fixed vs Variable Compensation

The table below indicates the proportion of Ms. Rose's fixed and variable compensation for fiscal year 2016.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and RPSUs
\$325,957	\$162,747	\$689,395
28%	14%	58%
	72%	

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Ms. Rose's level of share ownership as at October 31, 2016 is indicated below.

Share ownership Requirement (x salary)	Base Salary Set at the Beginning of Fiscal year 2016	Shares (#)	Share Units (#)	Total Value (Note 1)	Attainment Level
3	\$325,000	387	37,568	\$1,881,429	193%

Note 1: The value as at October 31, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date (\$49.57).



Susan Kudzman,
FSA, FICA, CERA

Executive Vice-
President, Chief Risk
Officer and Corporate
Affairs

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

Performance

		2016 Performance	
		Performance indicators	Accomplishments
Sector contribution	Financial Aspects		<p>The Bank generated adjusted net income of \$187.0 million, up by 9.0% from the previous year. Adjusted return on common shareholders' equity totalled 12.0% in 2016, the same level as the previous year.</p> <p>Adjusted efficiency ratio was 69.6% in 2016, compared to 71.3% in the previous year.</p> <p>Adjusted diluted earnings per share amounted to \$5.70, up 1% from the previous year.</p> <p>The Bank's adjusted operating leverage for 2016 was 2.5%, compared to -0.4% in 2015.</p> <p>A proactive management of the Bank's credit risk (including the management of special accounts) contributed to a loan loss ratio of 11 bps below budget and under the industry level.</p> <p>Efficient management of limits allowed optimal usage of market risk, structural interest rate and liquidity budgets.</p>
	Core Accountability		<p>Ms. Kudzman's effective leadership ensured optimal compensation governance and labor relations management.</p> <p>Led the recruitment process for key positions, including HR leader.</p> <p>Managed all aspects of risk in line with the Bank's risk appetite framework including stress tests and credit management.</p> <p>Successful resolution of a major class action suit.</p> <p>As Chief Risk Officer, built constructive relationships with regulators.</p>
	Compliance & Risk		<p>Anti-Money Laundering and Anti-Terrorist Financing compliance framework was reviewed and upgraded.</p> <p>Reviewed risk appetite and management framework; including a review of the credit risk framework, policies and limits.</p>
	Projects & Strategies		<p>Demonstrated strong leadership in many corporate initiatives contributing to a new structural foundation for the Bank, notably:</p> <ul style="list-style-type: none"> • Advanced Internal Ratings based method of calculating risk (AIRB) implementation; • Bank-wide recovery plan; • Review and design of compensation programs; and • Workforce planning.
Competencies	Behaviour & Values		Ms. Kudzman's sound experience has been instrumental in developing excellent working relationships with the members of the Board and the regulators.
	Professional Development		Ms. Kudzman has championed the transformation plan with the various stakeholders.
	People Management		Ms. Kudzman assembled a team of seasoned managers and set high performance standards.

The HR Committee considered Ms. Kudzman overall performance in 2016 to be Superior.

Compensation

The following table presents the compensation paid, made payable, awarded, granted, given or otherwise provided to Ms. Kudzman for the last three fiscal years. The amounts indicated were calculated in accordance with the provisions of each program as described in this Circular.

	2016 (\$)	2015 (\$)	2014 (\$)
Short-term compensation			
Base salary	299,182	124,778	105,556
Short-term incentive compensation not converted into RSUs	150,228	62,127	30,393
Medium and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs (Note 1)	150,228	62,127	60,393
Employer share converted into RSUs	90,137	37,276	18,236
RPSUs	396,000	92,450	—
Total direct compensation	1,085,775	378,758	214,578
Pension plans			
Annual cost of retirement benefits	82,000	56,000	29,000
Benefit plans and perquisites	36,954	25,692	20,076
Total compensation	1,204,729	460,450	263,654

Note 1: Ms. Kudzman received an additional RSU grant, upon hire in March 2014, of \$30,000.

Ms. Kudzman joined the Bank on March 10, 2014 as Senior Vice-President, Human Resources for a short term mandate, which ended on June 25, 2015. On October 5, 2015, Ms. Kudzman rejoined the Bank as Executive Vice-President, Chief Risk Officer and Corporate Affairs.

Ms. Kudzman has special retirement eligibility terms for the RSU and RPSU programs. Her retirement eligibility age is set at 56 years old.

Ms. Kudzman's short-term incentive target for fiscal 2016 was 65% of her base salary.

Fixed vs Variable Compensation

The table below indicates the proportion of Ms. Kudzman's fixed and variable compensation for fiscal year 2016.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and RPSUs
\$299,182	\$150,228	\$636,365
28%	14%	58%
	72%	

Share Ownership

As defined in the "Minimum Share Ownership Level Requirements" section above, Ms. Kudzman's level of share ownership as at October 31, 2016 is indicated below.

Share ownership Requirement (x salary)	Base Salary Set at the Beginning of Fiscal year 2016	Shares (#)	Share Units (#)	Total Value (Note 1)	Attainment Level
3	\$300,000	—	15,204	\$753,662	84%

Note 1: The value as at October 31, 2016 is based on the closing price of the Bank's common shares on the Toronto Stock Exchange on that date (\$49.57).

SUMMARY COMPENSATION TABLE

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

Name and Principal Position	Year	Salary [\$]	Share-Based Awards [\$] (Note 1)	Non-Equity Incentive Plan Compensation [\$]	Pension Value [\$] (Note 3)	All Other Compensation [\$] (Note 4)	Total Compensation [\$]
				Annual Incentive Plans (Note 2)			
François Desjardins President and Chief Executive Officer	2016	549,910	1,266,732	847,440	279,000	54,858	2,997,940
	2015	373,976	705,000	700,000	1,097,000	248,187	3,124,163
	2014	336,377	693,451	381,504	71,000	246,269	1,728,601
François Laurin Executive Vice-President and Chief Financial Officer	2016	299,182	486,137	300,456	76,000	39,543	1,201,318
	2015	57,535	14,216	47,385	15,000	6,774	140,910
Stéphane Therrien Executive Vice-President, Personal & Commercial Banking, Laurentian Bank and President and Chief Executive Officer, LBC Financial Services	2016	400,489	675,917	493,056	111,000	41,893	1,722,355
	2015	348,814	554,232	505,440	172,000	39,841	1,620,327
	2014	301,175	550,887	310,290	76,000	36,724	1,275,076
Deborah Rose President and Chief Executive Officer, B2B Bank and Executive Vice-President, Intermediary Banking and Chief Information Officer, Laurentian Bank (Note 5)	2016	325,957	526,648	325,494	87,000	36,179	1,301,278
	2015	282,044	281,351	333,669	166,000	29,930	1,092,994
	2014	219,830	241,489	209,464	49,000	31,320	751,103
Susan Kudzman Executive Vice-President, Chief Risk Officer and Corporate Affairs (Note 6)	2016	299,182	486,137	300,456	82,000	36,954	1,204,729
	2015	124,778	129,726	124,254	56,000	25,692	460,450
	2014	105,556	18,236	90,786	29,000	20,076	263,654

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

- Restricted Share Units (RSUs) granted under the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Only amounts corresponding to the employer share are included in this column; amounts corresponding to the employee share appear in the "Annual Incentive Plans" column (see Note 2 below). Under the RSU plan, the Named Executive Officers must convert 50% of their annual bonus into RSUs. The employer contributes an additional amount equal to 30% of the annual bonus, which is also converted into RSUs. RSUs are part of executive compensation for 2016, 2015 and 2014, as the case may be, but were granted after the fiscal year-end.
- Retention and Performance Share Units (RPSUs) granted under the *Retention and Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the plan, RPSUs are granted based on a percentage of the annual base salary of the Named Executive Officer.

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

The principal terms and conditions of the RSU and RPSU plans are described in the "Components of Overall Executive Compensation" section. The holdings of RSUs and RPSUs by the Named Executive Officers for purposes of the minimum share ownership requirements are indicated under the heading "Performance and Total Compensation of Named Executive Officers".

Note 2: Amounts of the annual bonuses paid under the Bank's Short-Term Incentive Compensation program. 50% of this annual bonus must be converted into RSUs (see Note 1 above). These amounts were earned in 2016, 2015 and 2014, as the case may be, but paid after the fiscal year-end. The Short-Term Incentive Compensation program is more fully described in the "Components of Overall Executive Compensation" section.

Note 3: Amounts corresponding to compensatory changes, including annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of credited service, as detailed in the "Defined Benefit Plans Table".

Note 4: These amounts include car allowances and reimbursement of parking, as well as health spending account and employee share purchase plan which are detailed under the heading "Performance and Total Compensation of Named Executive Officers".

Note 5: Ms. Rose received an additional RPSU grant in 2015 of \$ 40,000. Ms. Rose was promoted President and Chief Executive Officer of B2B Bank, Executive Vice-President of Laurentian Bank on June 1, 2015.

Note 6: Ms. Kudzman joined the Bank on March 10, 2014 as Senior Vice-President, Human Resources for a short term mandate, which ended on June 25, 2015. Ms. Kudzman received an additional RSU grant in March 2014 of \$30,000. As of October 5, 2015, the Bank hired Ms. Kudzman as Executive Vice-President, Chief Risk Officer and Corporate Affairs.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards

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

	Shares or Units of Shares not Vested (#)	Market Or Payout Value of Share-Based Awards not Vested (\$) (Note 2)	Market Or Payout Value of Vested Share-Based Awards (Not Paid Out or Distributed) (Note 2)
François Desjardins	41,099	2,037,295	5,209,375
François Laurin	9,467	469,295	156,921
Stéphane Therrien	26,351	1,306,218	2,079,064
Deborah Rose	17,140	849,616	1,162,686
Susan Kudzman	12,295	609,483	262,682

Note 1: RSU and RPSU awards including dividend equivalents.

Note 2: Value based on the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2016 (\$49.57).

Incentive Plan Awards - Value Vested or Earned During the Year

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

Name	Share-Based Awards - Value Vested During the Year (\$) (Note 1)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$) (Note 2)
François Desjardins	958,840	847,440
François Laurin	0	300,456
Stéphane Therrien	571,125	493,056
Deborah Rose	233,514	325,494
Susan Kudzman	0	300,456

Note 1: These amounts represent the aggregate value realized upon vesting of RSUs (Employer Share only) and RPSUs on the vesting date occurring during the fiscal year. The Employee Share of RSUs vests at the date of the award. During the fiscal year, the RSUs and RPSUs granted in December 2013 became vested. The value is based on a \$54.90 share price.

Note 2: Amounts of annual bonuses (50% of the amount presented must be converted into RSUs).

PENSION PLAN BENEFITS

Terms Applicable to Certain Named Executive Officers

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

Defined Benefit Plans Table

The table below sets out the years of participation in the plans as at October 31, 2016 for each Named Executive Officer, annual benefits payable, and changes in the present value of defined benefit obligations from October 31, 2015 to October 31, 2016, including compensatory and non-compensatory changes concerning their participation in the plans for fiscal year 2016.

Name	Number of Years of Credited Service (#) (Note 1)		Annual Benefits Payable (\$)		Opening Present Value of Defined Benefit Obligation (\$) (Note 4)	Compensatory Change (\$) (Note 5)	Non-Compensatory Change (\$) (Note 6)	Closing Present Value of Defined Benefit Obligation (\$) (Note 4)
	Officers' Plan	Suppl. Plan	At Year-End (Note 2)	At Age 65 (Note 3)				
François Desjardins	20.8	21.8	165,000	337,000	2,771,000	279,000	818,000	3,868,000
François Laurin	1.2	1.2	7,000	57,000	15,000	76,000	18,000	109,000
Stéphane Therrien	4.8	4.8	31,000	115,000	420,000	111,000	108,000	639,000
Deborah Rose	5.0	5.0	24,000	100,000	350,000	87,000	101,000	538,000
Susan Kuzdman	2.1	2.1	10,000	64,000	87,000	82,000	33,000	202,000

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. For Ms. Kuzdman, as per the plan text, her participation starts as at March 10, 2014, as she was rehired within 12 months of her termination date.

Note 2: These amounts represent deferred payments accumulated as at October 31, 2016 and payable under the plans assuming retirement at age 60 with 10 years of service.

Note 3: These amounts represent projected pensions that would be payable under the plans assuming retirement at age 65.

Note 4: The present value of the defined benefit obligation represents the actualized value of the retirement benefit for the years of participation as at October 31, 2015 or October 31, 2016, as the case may be. This value was calculated using the same assumptions as for the Bank's financial statements, using a discount rate of 4.30% and 3.45% for the fiscal years ending October 31, 2015 and October 31, 2016 respectively. Furthermore, a compensation increase rate of 2.75% was used for the fiscal years ending October 31, 2015 and 2016. The assumptions used are outlined in Note 18 to the Consolidated Financial Statements found in the Annual Report.

Note 5: The variation attributable to compensation elements include the annual cost of retirement benefits and the effect of changes of base salary, plan changes or grants of years of credited service. The amount appearing in this column may also be found in the "Pension Value" column of the "Summary Compensation Table" above.

Note 6: The variation attributable to non-compensation elements includes amounts attributable to interest on the present value of the opening balance of the accrued defined benefit obligation, actuarial gains and losses (other than those associated with compensation) and changes in actuarial assumptions. Of those, the most important element for fiscal year 2016 is the change in the discount rate.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

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

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

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

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

The table below sets out additional amounts that would have been payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2016.

Name	Compensation Components	Termination without Cause (\$)	Termination in the Year Following a Change of Control (\$) (Note 3)
François Desjardins	Base salary	1,650,000	1,650,000
	Short-term incentive compensation	0	1,178,302
	RSU and RPSU (Note 1)	1,809,719	1,809,719
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,458	116,903
	Total	3,463,177	4,754,924
François Laurin	Base salary	300,000	450,000
	Short-term incentive compensation	0	71,078
	RSU and RPSU (Note 1)	129,536	388,609
	Pension plans (Note 2)	0	144,000
	Benefit plans and perquisites	4,708	74,680
	Total	434,245	1,128,367
Stéphane Therrien	Base salary	400,000	600,000
	Short-term incentive compensation	0	522,722
	RSU and RPSU (Note 1)	567,929	1,173,811
	Pension plans (Note 2)	0	9,000
	Benefit plans and perquisites	3,458	82,774
	Total	971,387	2,388,307
Deborah Rose	Base salary	325,000	487,500
	Short-term incentive compensation	0	407,350
	RSU and RPSU (Note 1)	341,060	762,207
	Pension plans (Note 2)	0	0
	Benefit plans and perquisites	3,458	75,274
	Total	669,518	1,732,330
Susan Kudzman	Base salary	300,000	450,000
	Short-term incentive compensation	0	161,280
	RSU and RPSU (Note 1)	215,713	528,798
	Pension plans (Note 2)	0	86,000
	Benefit plans and perquisites	4,708	74,680
	Total	520,422	1,300,758

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

Note 2: Amounts of retirement benefits. In the columns "Termination without Cause" and "Termination in the Year Following a Change of Control", the amount of retirement benefits is the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table" above, assuming a termination on October 31, 2016. This additional value is nil for Mr. Desjardins and Ms. Rose as the value of their rights, including additional months of participation in the pension plans, is less than the value presented in the "Defined Benefit Plans Table".

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

PART F – CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The Board of Directors has set to 11 the number of directors for the upcoming year.

The text describing the mandate of the Bank's Board of Directors can be found in the Governance Policy.

Independence of Board Members

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

Through its HR Committee, the Board of Directors periodically analyzes its composition and, in so doing, determines whether each director is independent. It is the Board of Directors' practice to recruit independent directors, except for the President and Chief Executive Officer of the Bank. Any proposed nominee's relationships with the Bank or its subsidiaries are assessed before proposing him/her as a new director.

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

Competencies and Expertise of Board Members

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

	Lise Bastarache	Sonia Baxendale	Richard Bélanger	Michael T. Boychuk	Gordon Campbell	Isabelle Courville	François Desjardins	Michel Labonté	A. Michel Lavigne	Jacqueline C. Orange	Michelle R. Savoy	Jonathan I. Wener	Susan Wolburgh Jenah	Total
Corporate Governance / Public Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Financial Expertise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		12
Risk Management	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	11
Corporate Social Responsibility and Sustainability			✓	✓	✓	✓			✓	✓		✓	✓	8
Human Resources / Compensation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
Technology / Real Estate / Project Management		✓	✓	✓	✓	✓	✓	✓				✓		8
Legal and Regulatory Affairs						✓							✓	2
Financial and Banking Services	✓	✓		✓			✓	✓	✓	✓	✓	✓	✓	10
Financial Markets / Treasury	✓		✓	✓	✓			✓			✓		✓	7

Selection of Directors Nominees for the Board of Directors

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

In order to assure optimal composition of the Board of Directors and to benefit from the complementarity of Board members, the HR Committee has established a comprehensive and diversified matrix of required skills and experience in accordance with which it evaluates each director. When filling a seat on the Board of Directors, the HR Committee determines the sought-after profile and applies certain selection criteria. Such criteria include, among others, independence, diversity, duration of tenure and membership on other boards of directors. The performance of each director is also assessed annually and taken into account by the HR Committee when proposing Board nominees.

Diversity

The Bank has played a leadership role among Canadian banks with respect to female representation on its Board. In fact, it was the first institution of its kind in the country to name a woman as Chairperson in 1997. Subsequently, Ms. Isabelle Courville became the second woman to assume that role in 2013. Today, the Bank ranks among the enterprises within its sector having the highest female representation, with five of the 11 proposed Board members (45%) being women. Excluding the President and Chief Executive Officer (the only non-independent member of the Board), the Bank would achieve gender parity on the Board of Directors with a distribution of five men and five women.

In reviewing Board of Directors composition, the HR Committee will take into account the benefits of all aspects of diversity, including skills, regional and industry experience, background, race, gender and other distinctions between directors, in order to enable it to discharge its duties and responsibilities effectively. In identifying suitable candidates for appointment to the Board of Directors, the HR Committee will consider candidates on merit against objective criteria and with due regards for the benefits of diversity on the Board of Directors.

The Board Diversity Policy is included in the Governance Policy.

Orientation and Ongoing Training

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

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

All Board Committee documentation is made available to all directors and they can participate in meetings of Committees they do not sit on. These initiatives serve to promote the development of their knowledge of the Bank's affairs.

Most Board meetings include presentations on subjects of interest to directors. A full-day session of training is scheduled yearly. On June 15, 2016, all of the directors received training on the following subjects: initiative management, anti-money laundering and anti-terrorist financing, impact of the strategic plan on the human resources function, information technology governance and cybersecurity. In addition, the Board of Directors received training on risk appetite and management of risks. Furthermore, all directors who wish to improve their knowledge and skills so as to be able to better fulfill their responsibilities as Board members can do so at the Bank's expense via outside training including events organized by the Institute of Corporate Directors.

Annual Evaluation

The Board of Directors puts a great deal of effort into annually assessing the Board and the competencies and performance of each director.

The Board of Directors has a formal evaluation process which consists of the following:

- Every year, each Board member is asked to evaluate his/her performance, the performance of his/her colleague, including committee chairs and the Board Chair and the performance of the Board as a whole and of each Committee;
- The Board Chair meets with all Board members to discuss their evaluation; and
- The Board Chair reports to the HR Committee and to the entire Board with respect to the conclusions of the performance evaluation process and makes recommendations to the Board on Board composition and other potential improvements.

Duration of tenure

The Bank's Board of Directors adopted, through the Governance Policy, a tenure policy that provides guidelines with regards to the duration of mandates but does not formally prescribe the age of retirement. Instead, the Bank's Board of Directors prefers an approach based on skills and experience in relation to the needs of the Bank, the contribution of each director and the Bank's evaluation process. The Governance Policy provides that the tenure of directors is generally between 10 and 15 years. The tenure of a Board or Committee Chair, in such role, should generally be between five and eight years. The Board of Directors may propose longer tenures in certain circumstances, including his/her recent nomination as Board or Committee Chair, or his/her expertise or experience on a topic relevant to the Bank. The presence of more experienced directors and their related expertise on the Board has an added value that benefits the Bank and the shareholders themselves. The HR Committee sees to it each year that the number of directors sitting on the Board and the duration of their mandates are appropriate. Ten new independent members have been appointed to the Board of Directors in the past ten years, which shows that the Bank's preferred approach of identifying competencies and assessing the contribution of each director is effective and successful.

The Bank will continue to ensure the effective renewal of the Board in the future and to maintain a renewal rate in keeping with its business strategy as it has been doing over the past ten years.

Directors Sitting on the Same Boards of Outside Reporting Issuers

The Bank limits the number of directors that may sit on the same board of an outside reporting issuer to two, unless the prior consent of the Chair of the Board is obtained. Part C - Director Nominees presents a brief biography of director nominees and indicates on which reporting issuer Boards they sit or have sat over the past five years. Currently, none of the director nominees sit on the same board of an outside reporting issuer.

Summary of Board Meetings Held

	Number of Meetings Held	Number of Meetings Held without Members of Management
Board of Directors	12	12

The attendance record of each director at Board and Committee meetings held during the Bank's last completed fiscal year is presented in Part C - Director Nominees, with the exception of Ms. Jacqueline C. Orange and Mr. Jonathan I. Wener who are not nominated for election this year.

During fiscal 2016, Ms. Orange attended 11 out of 12 Board meetings and 7 out of 8 Audit Committee meetings and Mr. Wener attended 10 out of 12 Board meetings and 5 out of 6 Risk Management Committee meetings.

STRATEGY OVERSIGHT

The Board of Directors understands that oversight of the Bank's strategy is one of its main responsibilities.

It ensures this oversight by having sessions dedicated fully to this topic so as to not be distracted by other matters. At each Board meeting an update on the transformation plan, its risks and its projects is made by management.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Corporate social responsibility and sustainability are at the very heart of the Bank's business practices. The priority assigned to good governance by the Board of Directors has enabled the Bank to evolve and prosper over the course of its 170 years of existence with utmost respect for all its stakeholders.

Director Expertise

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

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

For his part, Mr. Richard Bélanger has played an important role in the development of numerous enterprises active in the natural resources sector, particularly within the forest industry. He served as President of Bois Daaquam Inc. and Gérard Crête et Fils Inc., and he was Chairman and Chief Executive Officer of Produits forestiers Anticosti Inc. - which are all enterprises devoted to sustainable development and environmental protection. He was also Chairman of the Board of Forintek Canada Corp., a research institute whose role is to help the forest products industry optimize production processes, and director of FERIC (Forest Engineering Research Institute of Canada), a private non-profit research and development organization dedicated to improving Canadian forestry operations in terms of harvesting, transportation and silviculture with a view to ensure sustainable development. Mr. Bélanger has also served as Chairman of the Quebec Forest Industry Council, which provides guidelines and support to the forest industry with respect to different issues, including the environment.

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

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

During her various leadership roles at the Investment Industry Regulatory Organization of Canada (IIROC) and the Ontario Securities Commission (OSC), Ms. Susan Wolburgh Jenah worked to establish high standards of business conduct and market integrity in the financial services industry. She also served as Chair of the International Forum for Investor Education, a global not-for-profit organization whose mandate is to promote investor education and financial literacy. Ms. Wolburgh Jenah has served on numerous not-for-profit boards and advisory committees throughout her career. She currently serves as the Ontario Government's nominee on the Board of the Global Risk Institute, a public-private partnership focused on best practices and world-class research in integrative risk management across multiple sectors. Ms. Wolburgh Jenah actively participates in her community as a member of the Board of Directors of the Humber River Hospital; as a member of the Dean's Council at Ted Rogers School of Management, Ryerson University; and as an Adjunct Professor at Osgoode Hall Law School.

Refer to the biographies in Part C - Director Nominees and the matrix of Competencies and Expertise of Board Members in Part F - Corporate Governance.

Employee Diversity

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

Among the Bank's and its subsidiaries, 59 Executives, 23 (or 39%) are women. The Bank has not established a specific target with respect to the number of women that should be on its Executive team because it has always maintained good practices in this area. When the time comes to select a candidate for a new position or as a replacement, the Bank takes the benefit of diversity into account as part of its selection criteria.

Bank's Social Responsibility Report

The Bank has been producing a Social Responsibility Report annually since 2007. This publication presents an overview of the organization's practices with respect to governance, ethical and respectful relations, employee development, community involvement and reduction of its ecological footprint. The Report draws upon *Global Reporting Initiatives* (GRI) performance indicators, and the number of indicators for which information is reported is now 70. In line with its commitment to environmental protection, the Social Responsibility Report is available in electronic format on the Bank's website.

BOARD COMMITTEES

The Bank's Board of Directors has three committees - the HR Committee, the Audit Committee and the Risk Management Committee. All Committees are composed exclusively of independent directors. Members meet regularly in the absence of management, as indicated in the table below. In addition, the Audit Committee and the Risk Management Committee regularly meet in private with the officers in charge of surveillance functions (Internal Audit and Chief Risk Officer).

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

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

Summary of Committee Meetings Held

	Number of Meetings Held	Number of Meetings Held without Members of Management
Audit Committee	8	7 (Note 1)
Risk Management Committee	6	6 (Note 2)
Human Resources and Corporate Governance Committee	9	8 (Note 3)

Note 1: Members of the Committee also met privately with the external and internal auditors at seven of these meetings, one meeting having been held by conference call.

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

Note 3: Members of the Committee met privately without management present at eight of these nine meetings, two meetings having been held by conference call.

Committee Members

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

Name	Independent	Human Resources and Corporate Governance	Audit	Risk Management
Lise Bastarache	Yes		√	
Sonia Baxendale	Yes		√	
Richard Bélanger	Yes	√		
Michael T. Boychuk	Yes		Chair	√
Gordon Campbell	Yes		√	
Isabelle Courville	Yes	√		
François Desjardins	No			
Michel Labonté	Yes	√		Chair
A. Michel Lavigne	Yes	√		√
Jacqueline C. Orange*	Yes		√	
Michelle R. Savoy	Yes	Chair		
Jonathan I. Wener*	Yes			√
Susan Wolburgh Jenah	Yes			√

*Not standing for reelection.

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

Committee Reports

The purpose of the reports of the Human Resources and Corporate Governance, Audit and Risk Management Committees below is to provide shareholders with a better understanding of the Committees' work during the last completed fiscal year and, thereby, foster better corporate governance.

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 as follows:

<i>Human Resources</i>	<ul style="list-style-type: none"> ➤ The Committee reviewed and approved the Bank's Executive Compensation Policy, the main provisions of which are presented in Part E - Executive Compensation. ➤ The Committee evaluated the performance of the President and Chief Executive Officer for the last fiscal year. The Committee reviewed the evaluations of the members of the Executive Committee and their objectives for the upcoming year. It reviewed executive compensation, including base salary and long-, medium- and short-term incentive compensation. A detailed report on these subjects can be found in Part E - Executive Compensation of this Circular. ➤ The Committee reviewed the target bonus of the Short-Term Incentive Compensation program applicable to Executives. The Bank's Short-Term Incentive Compensation program is described in greater detail in Part E - Executive Compensation of this Circular. The Committee also approved salary increases for non-unionized Bank employees. ➤ In collaboration with the Risk Management Committee, the Committee examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➤ The Committee approved the employee salary budget for the year 2017 recommended by management and reviewed employee participation under the Bank's stock purchase plan. ➤ The Committee approved the compensation of the Bank's Executives, as well as the evaluations of the members of the Executive Committee. ➤ The Committee also reviewed the Pension Plans' Capitalization Policy and received the report on pension plans. ➤ In the context of the Basel requirements (Basel II, Pillar 3), the Committee approved the text of a report that was published on the Bank's website, thereby rendering public some information on the compensation of Executives.
<i>Pension Plan Governance</i>	<ul style="list-style-type: none"> ➤ The Bank has developed a governance structure for all of its pension plans to ensure the continuous and rigorous monitoring thereof. The governance structure deals with the allocation of responsibilities among different parties who are involved with pension plans. The Committee has the prime responsibility of monitoring all of the Bank's pension plans and delegates the governance of the plans to the Bank's Executive Committee. To ensure rigorous management of investments, the Committee delegates some day to day responsibilities related to asset management to the Bank's Pension Committee, which is composed of Executives whose duties are related to asset management. The Executive Committee reports to the Committee at least twice a year detailing the governance activities which were carried out. The report covers the participation, the financial situation of the plans, the monitoring of investments and the proposed amendments to the investment policy. In addition, the Bank administers its plans by retaining the services of actuarial and asset management consulting firms. ➤ In order to oversee asset management of the plans and to manage financial risk, the Bank has an Investment Policy as well as a Capitalization Policy. It has also put a risk reduction plan in place that results in a better match of the plans' assets and liabilities. In addition, actuarial evaluations and audited financial statements of the plans are produced annually. These evaluations and statements are audited by an external accounting firm, and the audited financial statements are approved by the Audit Committee. The plans' assets are kept separate from those of the Bank by an external custodian. ➤ The Bank administers and finances its pension plans in accordance with all applicable laws and regulations, in addition to providing information to the Office of the Superintendent of Financial Institutions (Canada), the Retraite Québec, and to the Canada Revenue Agency. The defined benefit plans are well capitalized and the Bank pays the required contributions in accordance with actuarial evaluation reports. In the past, the Bank has even exceeded minimal contributions on more than one occasion. Furthermore, Note 18 of the Bank's 2016 financial statements includes information on the financial situation of the Bank's plans. ➤ The Bank regularly provides plan participants with information on the financial situation of the plans, the monitoring of investments, as well as the terms of the plans via statements of contributions, websites that are available to participants and information sessions. In addition, a Retirement Committee composed of employer and employee representatives, reports on a quarterly basis to union representatives on activities conducted and amendments made to the pension plan of unionized personnel.
<i>Corporate Governance</i>	<ul style="list-style-type: none"> ➤ The Committee proceeded with a major overhaul of the Bank's corporate governance documents including policies, mandates and position descriptions. It resulted in the creation of a new governance policy which provides shareholders and other stakeholders with a clear vision of all of the Bank's governance policies and practices into one document. ➤ The Committee reviewed the compensation and composition of the Board of Directors taking into consideration the Bank's strategy, as well as the selection of director nominees, as is more fully described under section "Selection of Directors Nominees for the Board of Directors" in Part F - Corporate Governance. ➤ The Committee approved changes to the composition of the Human Resources and Corporate Governance Committee and Audit Committee of the Bank. ➤ The Committee reviewed the Majority Voting Policy, as well as the Background Checks on directors and Senior Management Policy. ➤ 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 F - Corporate Governance under "Annual Evaluation". ➤ The Committee supervised the integration process of new directors. ➤ The Committee recommended to the Board of Directors the creation of a new category of director: Director Emeritus. ➤ The Committee kept itself informed on various subjects related to corporate governance.

Members	Michelle R. Savoy, Chair Richard Bélanger Isabelle Courville Michel Labonté A. Michel Lavigne
---------	-----------------------------------------------------------------------------------------------------------

The members of the Committee met privately without the presence of management at each meeting (with the exception of meetings held by telephone conference).



Michelle R. Savoy, Chair

Report of the Audit Committee

The main accomplishments of the Audit Committee during the most recently completed fiscal year are as follows:

<i>With Respect to the External Auditor</i>	<ul style="list-style-type: none"> ➤ The Committee monitored the external auditor's engagement throughout the year. It reviewed and approved the 2016 Audit Plan and reviewed detailed information regarding key audit and accounting issues pertaining to the annual audit, the annual letter of recommendation issued by the auditor, as well as their quarterly reports pertaining to the review engagements. ➤ The Committee performed the annual assessment of the external auditor, including audit quality considerations, such as: the auditor independence, objectivity and professional skepticism; the quality of the engagement team provided by the external auditor; and the Canadian Public Accounting Board inspection findings. Based on its evaluation, the Committee recommended to the Board of Directors the appointment of the external auditor. ➤ The Committee reviewed the Policy on Approval of Services Provided by External Auditors. Further details on this policy and the auditor's fees for the last fiscal year can be found under the heading "Appointment of the Auditor" in Part B - Business of the Meeting of this Circular. ➤ The Committee met on a quarterly basis with the external auditor in the absence of management.
<i>With Respect to Financial Information</i>	<ul style="list-style-type: none"> ➤ In accordance with its mandate and the Financial Information Disclosure Policy, the Committee reviewed the annual 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 interim financial statements and the Management's Discussion and Analysis before they were submitted to the Board of Directors. In addition, the Committee reviewed the Annual Information Form before it was approved by the Board of Directors. ➤ The Committee reviewed and recommended for approval by the Board of Directors, earnings releases on quarterly and annual results. ➤ The Committee received the Financial Information Disclosure Committee's annual activity report. ➤ The Committee reviewed the Financial Information Disclosure Policy. ➤ The Committee reviewed the financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions (Canada). ➤ The Committee also reviewed and approved the financial statements of the Bank's various pension plans.
<i>With Respect to the Internal Audit Function</i>	<ul style="list-style-type: none"> ➤ The Committee reviewed and approved the mandate and audit plan of the Internal Audit function and ensured the sufficiency on a regular basis of its resources. It also examined the main findings and recommendations and the follow-ups thereon, as well as the internal auditor's opinion on internal controls. ➤ The Committee met on a quarterly basis with the Bank's internal auditor in the absence of management to discuss all aspects of its mandate and any related issues.
<i>With Respect to Internal Controls</i>	<ul style="list-style-type: none"> ➤ The Committee ensured that management had implemented and maintained appropriate internal control procedures, including internal control over financial reporting. During the year, the Committee reviewed management's progress toward its assessment that internal control over financial reporting was effective and received management's report each quarter and for the year ended October 31, 2016. ➤ The Committee received a letter of certification from management covering all of the Bank's operations for the fiscal year ended October 31, 2016 and for each of the quarters of fiscal 2016.
<i>With Respect to Regulatory Authorities</i>	<ul style="list-style-type: none"> ➤ On an ongoing basis, the Committee ensured that proper consideration was given to the recommendations and questions raised by the regulatory authorities. ➤ The Committee, along with the other members of the Board, met with representatives of the Office of the Superintendent of Financial Institutions (Canada) in the absence of management.
Members	Michael T. Boychuk, Chair Lise Bastarache Sonia Baxendale Gordon Campbell Jacqueline C. Orange

The members of the Committee met privately in the absence of management at each meeting (with the exception of meetings held by telephone conference).



Michael T. Boychuk, Chair

Report of the Risk Management Committee

The main accomplishments of the Risk Management Committee during the most recently completed fiscal year are as follows:

<p><i>Oversight Functions</i></p>	<ul style="list-style-type: none"> ➤ Each quarter, the Committee received an integrated risk management report from the Chief Risk Officer, which enables it to assess whether the Bank has an adequate and effective process for managing major risks. The report covers strategic, business, credit, liquidity and funding, structural interest rate, market (arbitrage and secondary liquidities) risks, regulatory operational risks, as well as reputational and insurance risks. The report also monitors whether the risks are within the Bank's risk appetite and limits. ➤ The Committee kept itself informed on findings and recommendations of the Office of the Superintendent of Financial Institutions (Canada). ➤ After its examination of risks, the Committee reviewed and approved changes made to the following policies, plans, procedures and codes under its responsibility and recommended their approval by the Board of Directors, as required: <ul style="list-style-type: none"> • Framework on Risk Appetite and Management • Credit Policies • Policy Concerning Money Laundering and Terrorist Activity Financing • Regulatory Risk Management Policy • Cost of Funds Transfer Pricing Management Policy • Treasury and Capital Markets Risk Management Policies of the Bank and its Subsidiaries • Capital Management and Adequacy Policy • Reputational Risk Management Policy • Business Continuity Management Policy • Financial Instruments Fair Valuations Policy • Policy on Insiders and Prohibited Transactions on Bank Securities • Outsourcing Risk Management Policy • Capital Plan • Privacy Code for the Protection of Personal Information • Code of Ethics • Complaint Investigation Procedures ➤ The Committee closely monitored changes in the Bank's loan portfolio, in particular impaired loans and watch list loans, as well as the status of loan losses and the adequacy of loan loss provisions. ➤ The Committee reviewed and, when appropriate, approved certain loans that exceeded the limits set out in the credit policies. ➤ The Committee reviewed and approved the 2016 mandate of the Integrated Risk Management function. ➤ Jointly with the Human Resources and Corporate Governance Committee, the Committee examined the risk analysis of the compensation programs, which was prepared as part of the requirements and in accordance with the principles and standards of the Financial Stability Board. ➤ The Committee ensured that follow-ups were conducted on material aspects of regulatory risk management. ➤ The Committee kept itself informed of the Bank's activities aimed at detecting and deterring money laundering and terrorist activity financing, and it reviewed the annual and semi-annual reports before their filing thereof. ➤ The Committee also kept itself informed on a regular basis on the regulation regarding capital and liquidity risk governance, including the implementation of the new capital rules (Basel III). ➤ The Committee reviewed the crisis simulation framework, whose objective is to test the Bank's resistance to the various risks to which it is exposed. ➤ The Committee received the Ombudsman's annual report.
<p><i>Conduct Review Functions</i></p>	<ul style="list-style-type: none"> ➤ As required, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable. ➤ The Committee also approved the directors' report on the work of the Risk Management Committee for its conduct review functions and its submission to the Office of the Superintendent of Financial Institutions (Canada).
<p><i>Members</i></p>	<p>Michel Labonté, Chair Michael T. Boychuk A. Michel Lavigne Jonathan I. Wener Susan Wolburgh Jenah</p>

The Committee met on a quarterly basis with the officers charged with oversight functions (Internal Audit, Risk Management and Regulatory Risk Management) in the absence of management to discuss all aspects of their respective mandates and related issues. The members of the Committee met privately in the absence of management at each meeting (with the exception of meetings held by telephone conference).



Michel Labonté, Chair

POSITION DESCRIPTIONS

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

CORPORATE ETHICS AND INTEGRITY

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

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

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

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

COMPENSATION

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

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

ADDITIONAL INFORMATION

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

PART G – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all existing and former executive officers, directors and employees of the Bank or its subsidiaries as at December 31, 2016.

Purpose	To the Bank or its Subsidiaries
Other	\$236,229,763

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

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

Name and Principal Position	Involvement of the Bank or Subsidiary	Largest Amount Outstanding during Most Recently Completed Fiscal Year (\$)	Amount Outstanding as at December 31, 2016 (\$)
François Desjardins President and Chief Executive Officer	B2B Bank and Laurentian Bank Securities (lenders)	328,000 (Note 1)	300,000
Susan Kudzman Executive Vice-President, Chief Risk Officer and Corporate Affairs	Bank (lender)	786,565 (Note 2)	763,965
Michel C. Trudeau President and Chief Executive Officer, Laurentian Bank Securities and Executive Vice-President, Capital Markets, Laurentian Bank	Laurentian Bank Securities (lender)	123,000 (Note 3)	100,000

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

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

Note 3: Margin account against security portfolio at prime rate +1%.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

CODE OF PROCEDURE

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

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on April 6, 2016 was sent to shareholders together with this Circular. The minutes are also available on the Bank's Website.

ADDITIONAL INFORMATION

The Bank's financial information is provided in its 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 on the Bank's Website. Shareholders may contact the Bank's Secretary in writing at 1981 McGill College Avenue, 20th Floor, Montreal, , Quebec, H3A 3K3 to obtain a complimentary copy of the Bank's financial statements and Management's Discussion and Analysis, or of any other document available on SEDAR that is mentioned in this Circular. The Bank's head office is located at 1981 McGill College Avenue, Montreal, Quebec, H3A 3K3.

REMOTE VIEWING OF THE ANNUAL MEETING

The video of the 2017 annual meeting of shareholders will be available in the "Investors" section of the Bank's website under the "Presentations and Events" tab.

DIRECTORS' APPROVAL

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



Christian Marcoux
Secretary

Montreal, Quebec, January 17, 2017

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 2017 annual meeting.”

SCHEDULE B

SHAREHOLDERS' PROPOSALS

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

PROPOSAL 1 - Change of auditors

It is proposed that the Board of Directors recommends at the next annual meeting the appointment of a new auditor.

Ernst & Young has been the Bank's auditor, alone or with another firm, continuously since 1990.

Although the Board stated in the last Circular that it ensures rotation of the lead audit partner, this is insufficient, given that it is the same auditing practices that are being applied.

We would like to point out the following results of the vote concerning the re-appointment of the auditor over the past few years:

Percentage of withheld votes on the re-appointment of the auditor

2016	5.55%
2015	5.76%
2014	10.77%

The purpose of the auditor rotation is to reduce threats to their independence, mostly caused by familiarity that develops over time. There might be concerns that in the long run, the auditor becomes too close to the client. For instance, the independence of the auditor may decline as friendships develop: the auditor becomes too closely associated with the interests of its client's officers, the audit plan becomes repetitive, or the auditor is reluctant to make decisions that might indicate that its previous decisions were incorrect. In short, the risks associated with familiarity with the client could adversely affect the thoroughness, objectivity and critical thinking skills of the auditor.

We believe that the Board of Directors should propose at the next shareholders annual meeting the appointment of a different audit firm, which could bring a fresh look at the Bank's audit.

The Bank's Recommendation

Based on the Audit Committee's annual assessment of the Bank's external auditor, which included audit quality considerations (e.g. auditor independence, objectivity and professional skepticism; quality of the engagement team; and Canadian Public Accounting Board inspection findings), the Board of Directors recommends that Ernst & Young be reappointed by the shareholders as the Bank's auditor for 2017. The Board of Directors and the Audit Committee continue to have full confidence in Ernst & Young. There is currently no evidence that links audit firm tenure to audit deficiencies or lack of audit independence.

Ernst & Young has a sterling reputation as one of the "Big Four" audit firms in Canada and is subject to all applicable laws and regulations, including the Code of Ethics of the Ordre des comptables professionnels agréés du Québec, which all provide clear guidance concerning independence. A number of initiatives have been implemented in recent years that strengthen auditor independence without damaging audit quality. These include:

1. **Audit Partner Rotation:** The rotation of audit partners removes the risk of over familiarity and self-interest, and promotes objectivity. In compliance with these rules, the lead engagement and concurring partners are subject to a seven-year rotation requirement, followed by a five-year period of absence from the consolidated audit. Engagement time for the lead partner and concurring partners includes time previously served in these roles.
2. **Oversight from Regulators (CPAB):** Heightened oversight by the regulators has resulted in increased audit quality. Inspection results are taken into account in the audit committee's assessment of the auditors.
3. **Auditor's Assessments:** Annual and Comprehensive assessments of the auditors by the Audit Committee.

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

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

- Review of the annual audit plan;
- Assessment of the reasonableness of the audit fee and pre-approval of all engagements of the auditor;
- Review of the audit findings;
- Meeting with the external auditor without management being present;
- Reception of letter from Ernst & Young confirming their relationships with the Bank and their independence; and
- Annual internal assessment of the external auditor and a comprehensive assessment every five years.

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

PROPOSAL 2 - Insatisfaction towards the compensation policy

It is proposed that the Board of Directors informs its shareholders of the corrections made following the 8.74% vote against its compensation policy.

This percentage is the highest among Canadian banks, when comparing the voting results on compensation policy.

Votes against the compensation policy:

Royal Bank of Canada	4.28%
The Toronto-Dominion Bank	4.5%
Bank of Nova Scotia	5.90%
Bank of Montreal	7.13%
Canadian Imperial Bank of Commerce	4.50%
National Bank of Canada	8.16%
Laurentian Bank of Canada	8.74%

Over the past three years, this percentage has been steadily increasing: 2.67% (2014), 8.41% (2015) and 8.74% (2016). In this respect, the change of the CEO (Mr. Robitaille) compensation in the past three years should be recalled:

	Total compensation	Increase
2013	\$3,310,245	
2014	\$4,391,072	33%
2015	\$9,738,079	122%

Have a significant number of shareholders been uncomfortable with the adjustments to the value of Mr. Robitaille’s pension plan in 2014 (\$1,243,000), or the amounts paid pursuant to his retirement agreement in 2015 (\$6,532,718)? Are they worried that the new CEO will benefit from this scale of remuneration in his first year in office?

There is reason to believe that many shareholders wish for a change in approach.

These voting results are of concern and require measures to change paradigm in compensation policy before the situation degenerates further and taints the Bank’s reputation.

The Bank’s Recommendation

While the advisory resolution on named executive officer compensation is non-binding, the Human Resources and Governance Committee and the Board of Directors consider the results of the vote when reviewing the Bank’s approach to executive compensation. They also give consideration to the best practices in senior management compensation put forward by certain institutional investors, proxy voting consultants and governance advocacy groups. The Bank is committed to an ongoing evaluation of its approach to executive compensation, to ensure alignment with shareholders’ interests and best practices.

The Board of Directors reaffirms its commitment to engage with its shareholders to receive their valuable input and to exchange views on a variety of subjects, including executive compensation. When needed, the Board of Directors is also committed to adjust its compensation practices in response to shareholders’ concerns.

The Board of Directors believes that the Bank's compensation philosophy, together with details of the design and operation of the Bank's executive compensation program described in this year's Management Proxy Circular, accurately reflect our normal compensation policy. Not only does our compensation policy meet the highest standards of corporate governance (as more fully described in our Management Proxy Circular), it also clearly demonstrates that the Bank's compensation program is aligned with its strategic plan and the interests of shareholders.

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

PROPOSAL NOT SUBMITTED TO SHAREHOLDER VOTE

A serious threat: the "Uberisation" of banks

It is proposed that the Board of Directors pay particular attention to the selection of directors offering expertise in new technologies, in order to reassure shareholders as to its ability to face these new challenges, particularly those created by financial technologies company (Fintech companies).

Since the early 2000s and the development of the Internet, consumers' behavior has changed tremendously. The new technologies have created an environment where innovation is the norm, and this evolution generates new technology-based ideas. Companies such as Amazon, Netflix, Airbnb and UberX have become giants for a very simple reason: they offer consumers a new way to consume. They have managed to circumvent the traditional barriers of trade, but above all, the traditional companies which often bogged down in a dilapidated mode of functioning.

While this digital revolution is transforming several sectors, some have only been affected very recently, protected by a specific regulatory environment. The financial sector is one of them, which is in turn hit hard by this digital revolution.

Today, the financial industry business model is deeply shaken by the so-called *Fintech companies*, e.g. the financial technology businesses. These companies have one common point: they seek to reach their customers by proposing new ways of relationship. They do not offer the entire gamut of traditional services, but rather one or a few, with technological upgrades. They are present in almost all areas of finance: online services, personal finance management, mobile payments, money transfers, financial management, credit or insurance.

According to the Bank's skills matrix table in the Management Proxy Circular, no director of the Laurentian Bank of Canada has declared a certain competence in this area. Only three directors, in their expertise profile, mentioned this area of expertise among many others. Moreover, among the new independent directors elected since 2013, none have a technology experience.

It is imperative that the Board of Directors pay particular attention to the recruitment directors with this specific competence. Otherwise, we express deep concern with regard to the Bank's development and the long-term value of our investment.

The Bank's Position

The Bank closely monitors the development of all of its competitors, including non-traditional competitors such as Fintech companies. The Bank is in agreement with MÉDAC on this point and recognizes that Fintech companies are strong competitors, as they offer a number of financial services that are similar to ours, while being less regulated, and consequently very agile.

The Bank's executives regularly keep the Board of Directors apprised of recent developments concerning Fintech companies, new technologies and IT trends as well as new opportunities available to the Bank in relation thereto. Training is also provided on a continuing basis and when needed.

An important element of the Bank's transformation plan is the digitalization of its current offer. It first starts with rebuilding a proper account management platform, including the Bank's core banking system and then developing new added-value elements to it on a sustainable basis. The Bank's directors are fully engaged with the transformation plan. They have been involved in every steps of its development. As a result, they have sufficient knowledge to guide the Bank through its implementation. Should additional expertise be required during the process, external advisors are also available.

The skills matrix table in the Management Proxy Circular presents the competencies and expertise of Board members. As indicated, a number of directors have solid experience in technology as a result of their previous roles within the Bank itself or with other large corporations.

When filling a seat on the Board, the Human Resources and Governance Committee determines the sought-after profile to ensure optimal composition of the Board. The same philosophy applies when the Board completes its annual evaluation. It goes without saying that the Human Resources and Governance Committee will consider, among other factors, whether a candidate has technological expertise. It will be factored in with other criteria, while also considering the business objectives of the Bank and the available candidates.

The Bank also received two proposals from Mr. Mark Wilson residing at 56 Colborne Street, Elora, Ontario, N0B 1S0.

PROPOSAL 3 - Amendment to the Bank's general By-Laws Proposal

BE IT RESOLVED by resolution to confirm

THAT the Bank's General By-Laws shall be amended to include the following:

"BY-LAW XV
EMPLOYEE PROFIT SHARING PLAN AND
EMPLOYEE SHARE PURCHASE PLAN

The directors can, by resolution, create an employee profit sharing plan through which the employees of the Bank and its affiliates are entitled to share in the profits of the Bank on such terms and conditions as the directors may determine from time to time. The directors can also, by resolution, create an employee share purchase plan on such terms and conditions as the directors may determine from time to time.

THAT any officer or director of the Bank shall be authorized to sign all such documents and take all steps as are necessary or desirable to give full effect to this resolution."

Statement of Support for Proposal 1:

The proposing shareholder believes that the long-term success of the Bank rests, in significant part, on the strength of its alignment with its employees. The results of that alignment should be manifested in mutual success, which includes a sharing of the profits of the Bank between the Bank and its employees. A dedicated and Bank-wide rechanneling of this profit sharing into a share purchase plan for employees will serve to strengthen the alignment.

The proposing shareholder is proposing an amendment to the Bank's General By-Laws in order for the Bank to take steps to implement this alignment through the creation of an employee profit sharing plan and an employee share purchase plan.

The proposing shareholder has filed the information circular on the Bank's profile at www.SEDAR.com in support for Proposal 1, the information circular may be supplemented from time to time.

The Bank's recommendation

It is neither necessary nor appropriate to amend the By-Laws of the Bank to create an employee profit sharing plan or an employee share purchase plan.

Pursuant to applicable laws and the Bank's By-Laws, the Board of Directors has the power to introduce, design and amend compensation programs for the Bank's employees that may include incentive plans such as bonus plans and other profit sharing plans.

In practice, the Bank already offers to all of its employees the possibility to participate in the Bank's employee share purchase plan which was implemented by the Bank in March 2006. It also has in place various incentive programs, as more fully discussed in our answer to the next proposal.

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

PROPOSAL 4 - Employee Profit Sharing Plan and Employee Share Purchase Plan Proposal

BE IT RESOLVED, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that the Bank develop and implement: (i) an employee profit sharing plan and (ii) an employee share purchase plan.

Statement of Support for Proposal 2:

In the event that the Bank's General By-Laws are amended to empower the Board of Directors to create an employee profit sharing plan and an employee share purchase plan, the proposing shareholder proposes that the Bank's shareholders vote in an advisory capacity to advocate that the Bank establish an employee profit sharing plan and an employee share purchase plan.

The proposing shareholder has filed the information circular on the Bank's profile at www.SEDAR.com in support for Proposal 2, the information circular may be supplemented from time to time.

The Bank's recommendation

The Board gives great importance to the Bank's human resources management practices and believes that the Bank would not be able to sustain its successes without the contribution of talented, experienced and qualified officers and employees.

The Bank already offers to all its employees the possibility to participate in the Bank's employee share purchase plan. The purpose of the plan is to enable employees of the Bank and its subsidiaries to purchase, by means of payroll deductions, shares of the Bank through an intermediary. This plan is very beneficial to employees as the Bank pays a generous amount equivalent to 30% of the employee investment up to a certain limit and subject to other conditions provided in the Plan.

With a view to aligning the interests of the employees and those of shareholders and providing market competitive compensation, the Bank's compensation policy is reviewed on a regular basis. The compensation policy of the Bank already allows employees to participate in the growth of the Bank through a series of incentive programs, including annual bonuses, grant of Restricted Share Units and Retention and Performance Share Units, salary increases, and participation in the employee share purchase plan.

The Board and the management will continue to benchmark the competitiveness of the Bank's rewards programs within the industry in order to attract and retain the best talent available. It will always be done while respecting the principles of sound compensation practices and prudent risk management.

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

SCHEDULE C

STOCK OPTION PURCHASE PLAN

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"). Laurentian Bank of Canada shareholders determined that the maximum number of shares that could be issued pursuant to the plan would be 1,600,000. A beneficiary will not benefit from the rights of a Bank shareholder with respect to the shares subject to the options before he/she becomes the registered holder of these shares.

Eligibility - All members of the Bank's Management Committee are eligible, as well as any other employee designated by the Human Resources and Corporate Governance Committee (the "Committee").

Grants - From time to time, the Committee designates those who may receive grants from among the eligible members of Management. The Committee determines the number of underlying shares, as well as the grant's effective date. Each grant carries an 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 made at the Committee's discretion. Generally, the Committee does not grant stock option shares to members of the Bank's Management Committee or any other employee. However, the Committee may make special grants at any time under circumstances it deems appropriate.

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 share on the Toronto Stock Exchange for 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; and 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 earlier of the expiry date 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, which may not exceed 10 years after the grant date, subject to the following conditions: (a) during the employment of the beneficiary, the latter may exercise his/her options at the frequency and during the periods determined by the present plan or by the Committee; (b) in case of the death of the beneficiary, any grant ends at the expiration date initially determined or 12 months after the death of the beneficiary, whichever comes first. Within this period, the beneficiary's estate may exercise the options that were vested at the time of the beneficiary's death; (c) upon retirement, the beneficiary may exercise all options as they vest, up until the earlier of December 31 of the third year following the year of retirement or the expiration of the grant as established by the Committee; (d) if the beneficiary ceases to be employed by the Bank for any reason other than death or retirement, vested options expire 30 days after the date the beneficiary ceases to be employed by the Bank; (e) at its discretion, the Committee may allow all options to be exercised (even if these options are not vested) and postpone the deadline for the exercise of options mentioned in paragraphs (b), (c) and (d) as long as this date is not later than the option's expiry date; (f) subject to the approval of the beneficiary, the Committee may cancel a grant for which the options have not been exercised. The beneficiary loses any right conferred by the option if these rights have not been exercised before the option's expiry date. All shares that have been subject to options that were cancelled or have expired may be granted again.

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

Changes in 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 recapitalization, a merger, a consolidation or regrouping, or an exchange of shares or any other similar modification in the structure of the Bank, the Committee will equitably readjust 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 Bank's shares cease to be publicly traded on an exchange - notably because all the shares would be owned by a sole owner - all options will be deemed to have vested at the date of the privatization. This does not apply however when the Bank's shares are exchanged for the shares of a holding company or those of another company.

SCHEDULE D

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 or the regulations shall prevail.

2. Role of the Chairman

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

3. Expression of Resolutions

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

4. Right to Speak

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

5. Speaking Time

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

6. Pertinence and Good Order

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

7. Shareholder Proposal

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

8. Debate on a Shareholder Proposal

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

9. Amendment of a Shareholder Proposal

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

10. General Matters

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

