

Notice of Annual Meeting of Shareholders

April 6, 2021

Management Proxy Circular

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



**LAURENTIAN
BANK**

3 IMPORTANT DOCUMENTS



NOTICE OF MEETING

Informs you of the matters being submitted to a vote and of where, when and how to vote.



MANAGEMENT PROXY CIRCULAR

Document that provides information, before you vote, about the matters being submitted to a vote, the experience and competencies of director nominees, the compensation of the director nominees, the compensation of senior management, and the Bank's governance practices.



VOTING INSTRUCTION FORM OR FORM OF PROXY

Unable to attend the Annual Meeting of Shareholders?
Vote using the form received by mail or email.



Notice of 2021 Annual Meeting of Shareholders

WHEN

Tuesday, April 6, 2021
9:30 a.m. (Eastern)

WHERE

Virtual only Meeting via live audio webcast online at:
<https://web.lumiagm.com/402763264>
Meeting ID: 402-763-264
Password: laurentian2021 (case sensitive)

Business of the Meeting

At the meeting, shareholders will be asked to:

1. receive our consolidated financial statements for the year ended October 31, 2020 and the auditor's report thereon;
2. elect directors;
3. appoint our auditor;
4. consider and, if deemed fit, adopt a resolution, on an advisory basis, regarding the approach to named executive officer compensation disclosed in the accompanying Management Proxy Circular (the "**Circular**");
5. consider, and if deemed fit, adopt the shareholder proposals presented for voting purposes (the text of which are set out in Schedule A of the accompanying Circular) that are properly brought before the meeting; and
6. transact such other business as may be properly brought before the meeting.

Holders of common shares ("**shareholders**") of Laurentian Bank of Canada (the "**Bank**"), as at the close of business on February 5, 2021, are entitled to receive notice of, attend and vote at the meeting.

Meeting Format

The well-being and safety of our communities, shareholders, employees and other stakeholders is currently our top priority. As a result of the anticipated ongoing impact of the COVID-19 pandemic, and in consideration of the evolving protocols from public health and government authorities, the Bank is holding the meeting in a virtual-only format conducted by a live audio webcast. Registered shareholders and duly appointed proxyholders will have the opportunity to attend the meeting online, submit questions, and vote in real time through a web-based platform instead of attending the meeting in person. Non-registered or beneficial shareholders who have not appointed themselves as proxyholder will be able to attend the meeting as guests, but will not be able to vote or ask questions. Shareholders will not be able to attend the meeting in person. Shareholders may submit questions to management ahead of the Meeting via email at corporate_secretariat@lbcfg.ca. The Bank encourages all shareholders to vote in advance of the Meeting by proxy. Please see the section entitled "*How to Vote*" on page 3 of the Circular for detailed instructions on how to attend and participate at the meeting.

Meeting Materials

Electronic copies of the Circular and the Bank's 2020 Annual Report (the "**Annual Report**"), containing the consolidated financial statements of the Bank for the year ended October 31, 2020 and management's discussion and analysis thereon, (together, the "**Meeting Materials**") may be found on the Bank's website at <https://lbcfg.ca/investors-centre/> or on SEDAR at www.sedar.com.

Notice-and-Access

The Bank is using "notice-and-access" for delivery of the Meeting Materials in accordance with applicable securities regulations. Notice-and-access allows the Bank to post electronic versions of the Meeting Materials online, rather than mailing paper copies of such materials to shareholders. The notice-and-access mechanism provides quicker access to the Meeting Materials while contributing to environmental protection by reducing tree, water and energy consumption. Shareholders have received a notice in the mail containing instructions on how to access the Meeting Materials and how to request a paper copy of such materials, free of charge, together with a form of proxy or voting instruction form, as the case may be.

How to Obtain Paper Copies of the Meeting Materials

Shareholders may request that paper copies of the Meeting Materials be mailed to them at no cost. Requests may be made up to one year from the date the Circular was filed on SEDAR by contacting Computershare Investor Services Inc. ("**Computershare**") by telephone at 1-800-564-6253 or by email at service@computershare.com or the Bank's Corporate Secretariat's Office at corporate_secretariat@lbcfg.ca.

Requests for paper copies may be made using your control number as it appears on your form of proxy or voting instruction form. Please note that if you do request a paper copy, you will **not** receive another form of proxy or voting instruction form. You should therefore keep the initial form sent to you in order to vote.

To request a paper copy **before** the Meeting date, please follow the instructions below. A paper copy will be sent to you within three business days of receiving your request.

Shareholders with a 15 digit control number:

Toll Free, within North America: 1-866-962-0498 or direct
Outside of North America: 514-982-8716

Enter your Control Number as indicated on your voting instruction form or form of proxy

Shareholders with a 16 digit control number:

Toll Free, within North America: 1-877-907-7643
Outside of North America: 1-877-907-7643

Enter your Control Number as indicated on your voting instruction form.

To obtain paper copies of the Meeting Materials **after** the Meeting date, please contact the Bank's Corporate Secretariat's Office at corporate_secretariat@lbcfg.ca or the Bank's Investor Relations Department at investor.relations@lbcfg.ca. The Meeting Materials will be sent to you within 10 calendar days of receiving your request.

In order to receive Meeting Materials in advance of the deadline to submit your vote, requests should be received as soon as possible and no later than **March 26, 2021**, in order to allow you sufficient time to receive and review such materials and return the form of proxy or voting instruction form within the prescribed time. Please note that postal delays could cause you to receive the Meeting Materials after the voting deadline and after the date of the Meeting.

You are also encouraged to use electronic delivery (e-delivery) to receive the Bank's other continuous disclosure documents, including the annual financial statements and interim reports.

Your Vote is Important

As a shareholder, it is important that you read the Circular carefully and then vote your shares. Detailed voting instructions for registered and non-registered or beneficial shareholders are provided under the heading "*How to Vote*" on page 3 of the Circular. We recommend you vote by proxy using the various voting methods provided to ensure your vote is received prior to the Meeting. Your vote must be received by our transfer agent, Computershare by **5:00 p.m. (Eastern Time) on April 1, 2021**.

Shareholder Questions and Assistance with Voting

Should you have any questions regarding this notice, the notice-and-access procedures, voting or proxies, you may contact:

Computershare by telephone at 1-800-564-6253 or by email at service@computershare.com or Kingsdale Advisors, our strategic shareholder advisor and proxy solicitation agent, by telephone at 1-888-518-1561 toll-free in North America +1 416-867-2272 for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com.

By order of the Board of Directors,



Sivan Fox
Senior Vice President, Legal Affairs and Corporate Secretary

February 5, 2021

Dear shareholders,

On behalf of the board of directors (the "**Board**") and senior management team ("**Management**") of Laurentian Bank of Canada, I am pleased to invite you to join us at the Bank's 2021 annual meeting of shareholders to be held on April 6, 2021.

As a result of the anticipated ongoing impact of the COVID-19 pandemic, and in consideration of the evolving protocols from public health and government authorities, the Bank is holding the meeting in a virtual-only format conducted by live audio webcast. At the meeting, you will have the opportunity to obtain information about the Bank, learn about our plans for the future, submit questions, and vote on matters described in this Circular, as if you were physically present at the meeting and regardless of your geographic location. This will be an opportunity for us to share with you how we are establishing a renewed strategic direction for Laurentian Bank, reimagined with the customer at the centre of everything we do. As well, this meeting provides an important forum to share and exchange views and ideas on matters that are important to you.

Since the outset of the COVID-19 pandemic, the health, safety and well-being of employees, customers and the communities in which they live and work has been our top priority. During the year, the Board held four (4) *ad hoc* meetings to monitor Management's pandemic response, and received regular reports from Management to ensure our business would continue to operate in a safe and effective manner. We worked decisively to meet the needs of our customers through loan payment deferrals and the deployment of various government relief programs and will continue to support our customers as we always have.

As we navigate this year of challenge and change together, we would like to acknowledge the considerable achievements of our employees. Many of them have made significant personal sacrifices to implement COVID-19 related programs and plans, to support our customers and to adapt to a new work environment. On behalf of the Board and Management, I would like to thank them for their resilience and resolve.

The ongoing COVID-19 pandemic has proven that change is not only 'a constant,' but that it can be persistent, disruptive and can take place on a global stage. Our ability to become more agile as an organization, leverage our smaller size relative to our competitors and deliver with even greater speed, will help us refine our value proposition to you, our shareholders.

As such, our relentless focus for the near term will be to establish a renewed strategic direction for Laurentian Bank, reimagined with the customer at the centre of everything we do. The three pillars below ensure we elevate our existing strategy to the next level.

1. **Cultivating a "Customer First" Culture:** Advocating for customer centricity by simplifying our end-to-end processes and truly owning the customer experience.
2. **Driving an Agile and Innovative Mindset:** Focusing on process simplification and insisting on operational efficiencies through digitization and automation without losing focus on our risk management culture.
3. **Engaging and Empowering our Teams:** Instilling in our people the power of teams, innovation through diversity and inclusion, but above all, that success begins with having a winning mindset.

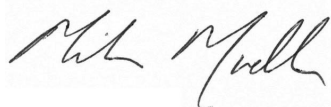
Achievement of these objectives will be driven by our new President, CEO and Board member, Rania Llewellyn, who was appointed during the year. The Board believes that Rania is the leader we need to usher in a new era at Laurentian Bank. During her rich career of more than 25 years at a leading Canadian financial institution, Rania has held senior positions in all sectors of the banking industry, honing her skills as a leading strategist focused on enhancing the customer experience, inspiring and empowering teams and getting tangible results. In addition, we are proud to have the first woman CEO in the history of Canada's major chartered banks. The Board is confident Rania will lay the foundation for the Bank's future growth and success.

During the year, we also welcomed a new Board member, Nicholas Zelenczuk who joined the Board as director last May. He has more than 35 years of experience in banking, capital markets and investment management, and has held senior management positions with several large corporations in Canada. We are also pleased to nominate a new director for election to the Board, Suzanne Gouin. She brings valuable expertise in governance, strategy, transformation and growth in a wide range of sectors, including broadcasting, telecommunications, energy, health and new technologies. These additions bring complementary talent and experience to support the Bank's strategic objectives and to provide balanced and diverse perspectives to our Board. In addition, we would like to express our gratitude to Lise Bastarache, who is not standing for reelection this year, for her years of service to the Bank. Lise has been a tremendous asset to the Board since 2006 as a member of the Risk Management Committee and of the Audit Committee. We wish her all the best in her future endeavors.

Please take the time to review the valuable information included in this Circular, where you will find details about the business to be conducted at the meeting, our approach to executive compensation and governance practices as well as instructions for voting. Your participation is important to us. If you cannot participate virtually, please vote your shares by proxy, as explained in Part A - *Information on Voting of this Circular*. My fellow directors and Management team look forward to welcoming you on April 6.

Sincerely,

LAURENTIAN BANK OF CANADA



Michael Mueller
Chair of the Board of Directors

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Management Proxy Circular

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

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

This Circular is dated as of February 5, 2021 and, unless otherwise indicated, information is presented as at that date. All dollar amounts are in Canadian dollars, unless stated otherwise.

In this document, references to the Bank’s Annual Information Form are references to the Bank’s Annual Information Form dated December 4, 2020, and references to the Bank’s Annual Report are references to the 2020 Annual Report, both of which are available on the Bank’s website and on SEDAR at www.sedar.com.

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

PART A - INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation of proxies by the Bank’s Management to be used at the Bank’s Annual Meeting of Shareholders (the “Meeting”), which will be held at the date, time and for the purposes set forth in the Notice of Meeting, and at any adjournment thereof. Solicitation of proxies is made primarily by mail, as well as by telephone or other personal contact by employees. The Bank has also retained Kingsdale Advisors to assist in soliciting proxies at a cost of approximately \$30,000, plus out-of-pocket expenses. All solicitation costs will be borne by the Bank.

Shareholders are encouraged to vote prior to the Meeting. Detailed voting instructions for registered and non-registered or beneficial shareholders are set forth below. Your vote must be received by our transfer agent, Computershare no later than **5:00 p.m. (Eastern time) on April 1, 2021**. The time limit for the deposit of proxies may be waived or extended by the Meeting Chair at their discretion and without notice.

PROXY INSTRUCTIONS

Who can vote?

The Board has fixed the record date for the 2021 annual meeting of shareholders at the close business on February 5, 2021. If you held common shares on that date, you are entitled to receive notice of and vote those common shares at the virtual meeting.

How do I appoint a proxyholder?

You may appoint a proxyholder to represent you at the meeting and to exercise your voting rights there.

The persons proposed as proxyholders on the form of proxy or voting instruction form are directors of the Bank. Subject to the restrictions described hereinafter under the heading “*Voting Securities and Principal Holders of Voting Securities*”, **a registered shareholder who wishes to appoint another person to represent him or her at the Meeting may do so by entering the name of the desired representative in the blank space provided. If you are a beneficial or non-registered shareholder and wish to vote at the Meeting, you must first appoint yourself as proxyholder.**

The instrument appointing a proxyholder must be in writing and must be signed by the shareholder or by an attorney authorized in writing. If the registered or beneficial shareholder is a business corporation or a corporate entity, the form of proxy or voting instruction form must be signed by a duly authorized officer or agent of the registered or beneficial shareholder. A representative is not required to be a shareholder of the Bank to act as a proxyholder.

You must also register the proxyholder with Computershare after submitting your instruction form according to the instructions provided. Registering your proxyholder is an additional step once you have submitted your form of proxy or voting instruction

form. To register a proxyholder, shareholders must visit <http://www.computershare.com/laurentianbank> and provide Computershare with the proxyholder's contact information by 5:00 p.m. on April 1, 2021, so that Computershare may provide the proxyholder with a username via email after the proxy voting deadline has passed. **Failure to register the proxyholder will result in the proxyholder not receiving the control number from Computershare that is required in order to participate and vote at the meeting.**

Is my vote by proxy confidential?

To protect the confidential nature of voting, the votes exercised by registered holders are received and compiled for the meeting by Computershare, the Bank's registrar and transfer agent, while the votes cast by beneficial owners are compiled and submitted by intermediaries to Computershare. Computershare submits a copy of a proxy form to the Bank only when a shareholder clearly wishes to express a personal opinion to management or when necessary to comply with legal requirements.

How can I vote if I am an employee of the Bank?

If you are a Bank employee and hold shares purchased through the Employee Share Purchase Plan, you will have received a voting instruction form in your notice package. Please follow the instructions provided for non-registered shareholders under the heading "How to Vote" below.

How will my shares be voted?

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

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

FOR:

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

AGAINST:

- **the shareholder proposals.**

The Bank received seven (7) proposals from the *Mouvement d'éducation et de défense des actionnaires ("MÉDAC")*, to be included in this Circular. MÉDAC has agreed not to submit proposal 2, proposal 3, proposal 4, proposal 5, and proposal 7 to a shareholder vote and therefore these proposals are included for information purposes only. These proposals are not part of the formal business of the meeting. All seven (7) proposals are reproduced in full, along with the Bank's responses to them in Schedule A of this Circular.

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

REVOCABILITY OF PROXY

If you are a registered shareholder and have voted by proxy, you may revoke your proxy by submitting a new proxy form with a later date, or by submitting new voting instructions by telephone or on the internet. Any new instructions, however, will only take effect if received by Computershare no later than 5:00 p.m. (Eastern) on April 1, 2021, or if the meeting is adjourned or postponed, by 5:00 p.m. on the second-last business day before the date of the reconvened meeting.

If you are a non-registered shareholder, you may revoke your proxy or voting instructions by contacting your intermediary.

If you have followed the process for attending and voting at the meeting online, voting at the meeting online will revoke your previous proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On February 5, 2021, 43,342,772 common shares of the Bank were outstanding.

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

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

Only holders of common shares registered in the Bank's registrar at the close of business on February 5, 2021, or their duly appointed proxyholders, will be entitled to attend and vote at the Meeting.

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

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

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

HOW TO VOTE

How you vote depends on whether you are registered or non-registered shareholder:

Beneficial (non-registered) Shareholder

You are a beneficial shareholder if your shares are registered in the name of an intermediary such as bank, trust company, investment dealer, clearing agency, or other institution. Most of our shareholders are non-registered holders.

You will require a 16-digit Control Number (located on the front of your voting instruction form) to identify yourself.

Option 1 - By proxy (voting instruction form) before the Meeting - the easiest way to vote!



Internet

Go to <http://www.proxyvote.com> and follow the instructions.



Phone

Canada: Call 1-800-474-7493 (English) or 1-800-474-7501 (French) U.S.: Call 1-800-454-8683 and follow the instructions.



Mail

Complete, sign, and date your voting instruction form and return it in the prepaid envelope provided.

If you vote by telephone, do NOT complete or return the voting instruction form. Your voting instruction must be entered by 5:00 p.m. (Eastern) on April 1, 2021.

Most intermediaries allow you to send your instructions as noted above, but has their own process so make sure you follow the instructions on the form. Your intermediary must receive your instructions in enough time to act on them before the April 1, 2021 deadline.

Registered Shareholder

You are a registered shareholder if your shares are registered in your name.

You will require a 15-digit Control Number (located on the front of your proxy) to identify yourself.

Option 1 - By proxy (form of proxy) before the Meeting - the easiest way to vote!



Internet

Go to <https://www.investorvote.com> and follow the instructions.



Phone

Call 1-866-732-VOTE (8683) Toll Free and follow the instructions. You will need your Control Number located in the lower left corner of the proxy form.



Mail

Complete, sign, and date your form of proxy and return.

Computershare must receive your proxy form or you must have voted by telephone or Internet no later than 5:00 p.m. (Eastern) on April 1, 2021.

<p>Option 2 - At our Virtual Meeting</p> <p>If you are a non-registered shareholder and wish to vote at the meeting, you must first appoint yourself as proxyholder by following the instructions under the heading "How do I appoint a proxyholder?" on page 1 of this Circular. You will receive a 15-digit control number by email from Computershare, which is your user name to participate in the meeting.</p> <ol style="list-style-type: none"> 1. Log in at https://web.lumiagm.com/402763264 at least 15 minutes before the Meeting starts 2. Click on "I have a login" 3. Enter your 15-digit control number (which is your user name) and the password: laurentian2021 <p>Non-registered shareholders who do not appoint themselves as proxyholder will not be able to vote during the meeting but will be able to participate as a guest. This is because the Bank and Computershare do not have a record of the Bank's non-registered shareholders and, as a result, will have no knowledge of your shareholdings or entitlement to vote unless you appoint yourself as your proxy.</p> <p>Guests will be able to listen to the meeting but will not be able to vote or ask questions. To attend the meeting:</p> <ol style="list-style-type: none"> 1. Log in at https://web.lumiagm.com/402763264 at least 15 minutes before the meeting starts 2. Click "I am a guest" and complete the online form. <p>You have to be connected to the internet at all times to be able to vote when balloting commences - it's your responsibility to make sure you stay connected for the entire meeting.</p> <p>More information about online participation in our annual Meeting is detailed in our Virtual AGM User Guide which is available on our website at https://lbcfg.ca/investors-centre/.</p>	<p>Option 2 - At our Virtual Meeting</p> <p>Registered shareholders can participate, vote, and ask questions by following the instructions below:</p> <ol style="list-style-type: none"> 1. Log in at https://web.lumiagm.com/402763264 at least 15 minutes before the meeting starts 2. Click on "I have a login" 3. Enter your 15-digit control number (which is your user name) and the password: laurentian2021 <p>If you log into the online meeting and accept the terms and conditions, you will be revoking any and all previously submitted proxies. If you do NOT wish to revoke your previously submitted proxy, do NOT accept the terms and conditions, in which case you can only enter the Meeting as a guest.</p> <p>You have to be connected to the internet at all times to be able to vote- it's your responsibility to make sure you stay connected for the entire Meeting.</p> <p>More information about online participation in our annual Meeting is detailed in our Virtual AGM User Guide which is available on our website at https://lbcfg.ca/investors-centre/.</p>
<p>By proxyholder</p> <p>The voting instruction form allows you to appoint a proxyholder to represent you at the Meeting and exercise your voting right there. See the section "How do I appoint a proxyholder" on the preceding pages.</p>	<p>By proxyholder</p> <p>The form of proxy allows you to appoint a proxyholder to represent you at the Meeting and exercise your voting right there. See the section "How do I appoint a proxyholder" on the preceding pages.</p>

SHAREHOLDER QUESTIONS AND ASSISTANCE WITH VOTING

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

FINANCIAL STATEMENTS

The Bank's consolidated financial statements for the fiscal year ended October 31, 2020 and the auditor's report thereon are included in the Annual Report mailed to shareholders on January 7, 2021. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), including the accounting requirements specified by the Office of the Superintendent of Financial Institutions ("OSFI").

ELECTION OF DIRECTORS

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

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

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

APPOINTMENT OF AUDITOR

Based on the Audit Committee's annual assessment of the external auditor, which included audit quality considerations, including auditor independence, objectivity, and professional skepticism, quality of the engagement team, and Canadian Public Accounting Board (CPAB) inspection findings, the Board of Directors has recommended that Ernst & Young LLP ("**Ernst & Young**") be reappointed as the Bank's auditor for the 2021 fiscal year. Ernst & Young has been the external auditor of the Bank since 1990. It is subject to all applicable laws and regulations, including the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*, which establish clear guidance concerning independence. A number of mechanisms are in place that strengthen auditor independence, without impeding audit quality and efficiency, including:

1. **Audit Partner Rotation:** The rotation of audit partners mitigates the risk of over familiarity and self-interest, and promotes objectivity. The lead engagement and concurring partners are subject to a seven-year rotation requirement, followed by a five-year period of absence from the consolidated audit. Engagement time for the lead partner and concurring partners includes time previously served in these roles. The rotation of a new lead engagement partner was effective on November 1, 2020 for the audit of the financial year ending October 31, 2021.
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 auditor.
3. **Regular Assessments:** Annual assessments of the auditor are conducted by the Audit Committee to ensure, among other things, the ongoing quality, independence and effectiveness of the auditor. In addition, the Audit Committee and the Board undertake a comprehensive assessment of the auditor every five (5) years, with the last such assessment conducted in June 2018. Included in this assessment is a determination as to whether there is any threat of institutional familiarity that could impact the independence of the auditor and prevent the engagement team from exercising appropriate professional skepticism. In addition to these regular assessments, the Board and the Audit Committee intend to initiate a tender process in relation to the engagement of the Bank's external auditor within the next two (2) years.

Auditor Independence

As described above, the Board and the Audit Committee are confident in the Bank's current processes and controls which ensure auditor independence and protect the quality of audit results. During the 2020 fiscal year, the Audit Committee conducted an annual assessment of the performance and service quality of Ernst & Young as independent auditor of the Bank. This assessment was based, among other things, on the audit plan submitted, fees paid, the nature of work conducted, and the reports presented to the Audit Committee. In addition, the Audit Committee holds regular meetings with the external auditor in the absence of Management and receives annual confirmation of the external auditor's independence.

Auditor's Fees

The following table presents by category the fees billed by the external auditor Ernst & Young for the fiscal years ended October 31, 2020 and 2019.

Fee category	2020(\$)	2019(\$)
Audit fees (Note 1)	2,965,000	3,056,000
Fees for audit-related services (Note 2)	722,000	678,000
Fees for tax services (Note 3)	368,000	103,000
Other fees (Note 4)	95,000	228,000
Total	4,150,000	4,064,000

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

Note 2: "Fees for audit-related services" include all fees of Ernst & Young for certification services and other related services traditionally carried out by the independent auditor, which are mainly services related to the production of reports concerning the effectiveness of internal controls for contractual or commercial purposes, specified procedures related to various trusts and other entities required in the context of securitization of mortgage loans receivables and translation fees for services other than for audited financial statements and prospectuses. Services for 2020 also include consultations on the implementation of new accounting standards not classified as "Audit fees". Services for 2019 included specified procedures performed with regard to the Bank's detailed review of its securitized mortgage loan portfolio and portfolio insured mortgages.

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

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

During the 2020 fiscal year, the Audit Committee also reviewed the Bank's policy regarding the pre-approval of services that may be rendered by the Bank's external auditor. This policy is described in section 12 of the Bank's Annual Information Form.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

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

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

The Board recommends that shareholders approve the following advisory resolution:

"IT WAS RESOLVED, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to named executive officer compensation disclosed in the Bank's Management Proxy Circular delivered in advance of the 2021 annual meeting of shareholders of the Bank."

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

SHAREHOLDER PROPOSALS

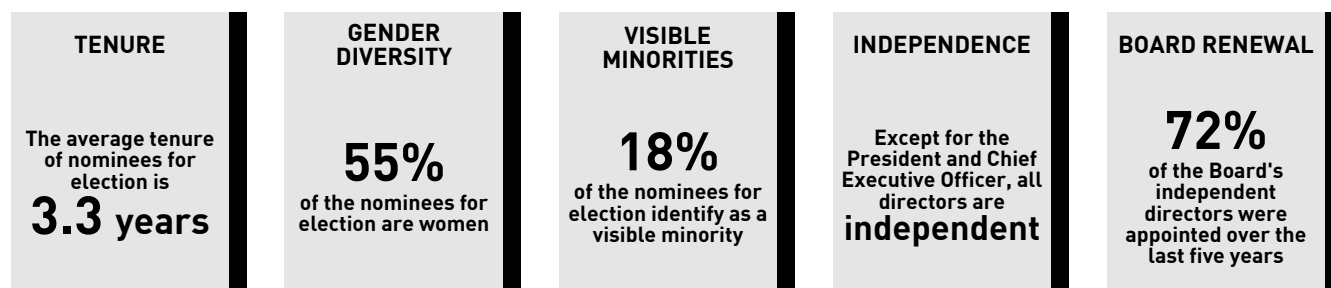
The Bank received seven (7) proposals from MEDAC, a shareholder of the Bank whose offices are located at 82 Sherbrooke Street West, Montreal, Quebec, H2X 1X3. Following discussions with the Bank, MÉDAC has agreed not to submit proposal 2, proposal 3, proposal 4, proposal 5, and proposal 7 to a shareholder vote. The Bank has agreed to include these proposals for information purposes only. These proposals are not part of the formal business of the Meeting. The text of all seven (7) of the proposals and the Board's responses to them are included in Schedule A of this Circular. You may vote for, against, or abstain from voting on each of the proposals submitted for a vote. The proxyholders proposed on the attached form of proxy intend to vote AGAINST the proposals, unless other instructions are indicated on the form of proxy.

Shareholders wishing to have a proposal included in the Bank's next management proxy circular must send the text of such proposal to the Corporate Secretariat of the Bank not later than November 7, 2021 at 5:00 p.m. (EST).

PART C – DIRECTOR NOMINEES

BOARD COMPOSITION

The number of directors to be elected at the Meeting is eleven (11). The Human Resources and Corporate Governance Committee (the “**HRCG Committee**”) has recommended the following individuals for election as directors of the Bank to serve until the end of our next annual meeting of shareholders. Each nominee was elected at the Bank’s 2020 meeting of shareholders with the exception of Mr. Nicholas Zelenczuk who was appointed to the Board on May 28, 2020, Ms. Rania Llewellyn, our new President and Chief Executive Officer who was appointed to the Board on October 30, 2020 and Ms. Suzanne Gouin who is a new nominee for election. As previously announced, Ms. Lise Bastarache, a long serving director of the Bank is not standing for re-election at the Meeting.



The following tables provide detailed information on each of the nominees for election as directors, including their expertise, committee memberships, meeting attendance, public board memberships and voting results for last year’s elections, as applicable. The profiles also include a summary of their Bank shareholdings, as well as the value of total compensation earned by each director in the 2020 fiscal year.

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

Sonia Baxendale

Summary of professional experience



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

Age: 58
 Toronto, Ontario, Canada
 Director since August 31, 2016
 Independent
 2020 Annual Meeting
 Votes in favour: 96.79%
 Major fields of expertise in addition to Leadership and Strategy:
 - Environmental, Social & Governance
 - Risk Management
 - Human Resources & Compensation
 - Financial Services
 - Retail & Consumer

Reporting Issuer during the last five years		Current Role on Boards and Committees	
RSA Insurance Group plc	(2019 to date)	Member of the Audit Committee	Chair of the Investment Committee
The Bank N.T. Butterfield & Son Limited (NYSE & BSE)	(2020 to date)	Member of the Audit Committee	Member of the Corporate Governance Committee
CI Financial Corp.	(2013 to 2018)		

Attendance (100% Overall)		
Member of board/committees (note 2)	Regular	Special
Board of Directors	7/7	10/10
Risk Management Committee	4/4	2/2
Human Resources and Corporate Governance Committee	6/6	2/2

Securities held							
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	2,647	11,295	13,942	32.12	447,817	5,797	241% Yes
Feb 7, 2020	2,300	7,927	10,227	43.93	449,272	5,797	176% Yes

Value of total compensation received during the 2020 fiscal year
 \$145,000

Andrea Bolger**Summary of professional experience**

Andrea Bolger is a corporate director.

Ms. Bolger is currently a member of the Board of Directors of Equitable Life Insurance Company of Canada where she chairs the Senior Credit and Investment Committee; the Board of Directors and Chair of the Human Resources Committee of Knowledge First Foundation/Financial ; the Board of Directors and Chair of the Finance and Audit Committee of the Capital Markets Authority Implementation Organization charged with implementing the new Capital Markets Regulatory Authority; and the Board of Directors of Sagen MI Canada Inc. (formerly Genworth MI Canada). Ms. Bolger is a former senior executive of the Royal Bank of Canada, where she served in a variety of senior executive positions mainly in commercial banking and risk management. She is a prior Chair of the Board of Directors and Chair of the Audit and Risk Committee of Moneris Solutions and the past Treasurer of the Canadian Chamber of Commerce. Ms. Bolger holds a Bachelor of Commerce, Honours Finance, from Carleton University and a Masters of Business Administration from Concordia University. She also holds the ICD.D designation from the Institute of Corporate Directors at the Rotman Business School of the University of Toronto.

Reporting Issuer during the last five years

Sagen MI Canada Inc.

(2016 to date)

Current Role on Boards and Committees

Member of the Audit Committee

Member of the Compensation and Nominating Committee

Age: 62

Toronto, Ontario, Canada

Director since August 28, 2019

Independent

2020 Annual Meeting
Votes in favour: 96.88 %

Major fields of expertise in addition to Leadership and Strategy:

- Risk Management
- Human Resources & Compensation
- Information Technology & Digital Strategy
- Financial Services
- Retail & Consumer

Attendance (96% Overall)

Member of board/committees	Regular	Special
Board of Directors	6/7	10/10
Risk Management Committee	5/5	2/2
Human Resources and Corporate Governance Committee (Note 3)	2/2	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	1,490	3,676	5,166	32.12	165,932	7,431	69% No
Feb 7, 2020	1,490	811	2,301	43.93	101,083	7,431	30% Recently appointed

Value of total compensation received during the 2020 fiscal year

\$120,720

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

Michael T. Boychuk is a corporate director.

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

Reporting Issuer during the last five years

Telesat Canada (U.S. S.E.C)

(2015 to date)

Current Role on Boards and Committees

Member of the Audit Committee

GDI Integrated Facility Services Inc.

(2015 to date)

Chair of the Audit Committee

Corus Entertainment Inc.

(2019 to date)

Member of the Audit Committee

Age: 65

Baie d'Urfé, Quebec, Canada

Director since August 30, 2013

Independent

2020 Annual Meeting
Votes in favour: 96.98%

Major fields of expertise in addition to Leadership and Strategy:

- Environmental, Social & Governance
- Accounting & Finance
- Risk Management
- Legal & Regulatory
- Financial Services

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Audit Committee (Chair)	5/5	—
Risk Management Committee	4/4	2/2

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	1,480	16,182	17,662	32.12	567,303	5,380	328% Yes
Feb 7, 2020	1,421	12,495	13,916	43.93	611,330	5,380	258% Yes

Value of total compensation received during the 2020 fiscal year

\$145,000

Suzanne Gouin, MBA, ICD.D**Summary of professional experience**

Ms. Suzanne Gouin is an accomplished director who focuses on business transformation, digital implementation, governance and human capital. Ms. Gouin chairs the Board of Management of the Canada Revenue Agency, is a member of the Boards of Directors of Hydro-Québec, the Foundation of Greater Montreal, and L'Esplanade, and participates in a number of advisory committees for various organizations. She has held senior management positions in the private and public sectors, including acting as President and Chief Executive Officer of TV5 Québec-Canada from 2002 to 2015. A graduate of Concordia University, she holds an MBA from the Ivey Business School at the University of Western Ontario and is certified with the Institute of Corporate Directors. Ms. Gouin has received the Order of Merit of the French Republic.

Age: 65
 Hampstead, Quebec, Canada
 Director since
 Independent
 2020 Annual Meeting
 Votes in favour: N/A
 Major fields of expertise in addition to Leadership and Strategy:
 - Environmental, Social & Governance
 - Risk Management
 - Human Resources & Compensation
 - Information Technology & Digital Strategy
 - Retail & Consumer

Reporting Issuer during the last five years

None

Current Role on Boards and Committees**Attendance (100% Overall)**

Member of board/committees	Regular	Special
New nominee	N/A	N/A

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	—	—	—	32.12	—	—	—

Value of total compensation received during the 2020 fiscal year

N/A

Rania Llewellyn**Summary of professional experience**

Rania Llewellyn is President and Chief Executive Officer of the Bank. With more than 25 years of experience in the banking industry, Ms. Llewellyn previously served as Executive Vice President, Global Business Payments at Scotiabank, where she began her career as a part-time teller. Over the years, she rose through the ranks and held a variety of progressively senior positions such as Vice President, Multicultural Banking; President & CEO of Roynat Capital, a significant subsidiary in commercial lending; Senior Vice President, Commercial Banking, Growth Strategy; and Senior Vice President, Products and Services, Global Transaction Banking. Her focus on improving customer experience, driving growth and shareholder value has earned her recognition and several industry awards.

Age: 44
 Toronto, Ontario, Canada
 Director since
 October 30, 2020
 Non-independent
 2020 Annual Meeting
 Votes in favour: N/A
 Major fields of expertise in addition to Leadership and Strategy:
 - Accounting & Finance
 - Risk Management
 - Human Resources & Compensation
 - Information Technology & Digital Strategy
 - Financial Services

Reporting Issuer during the last five years

None

Current Role on Boards and Committees**Attendance (100% Overall)**

Member of board/committees	Regular	Special
Board of Directors	N/A	1/1

Securities held

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

Value of total compensation received during the 2020 fiscal year

Ms. Llewellyn does not receive any compensation as a director.

David Morris, CPA, Auditor, CA**Summary of professional experience**

David Morris is a corporate director. Mr. Morris has significant experience in accounting and financial reporting matters, risk management and regulatory compliance within the banking and insurance sectors. M. Morris has been a chartered professional accountant since 1975 and a member of the Canadian Institute of Chartered Accountants. Mr. Morris graduated from McGill University and worked at Deloitte from 1975 until his retirement as a senior partner in 2016. Mr. Morris was an audit partner serving large global financial institutions in the Banking and Insurance industries. Since 2016, he sits on the Board of Directors of ECN Capital Corp. and chairs its Audit Committee. He is also a member of the Board of Directors of Lallemand Inc. and Chair of the Audit Committee.

Age: 67
Beaconsfield, Quebec, Canada
Director since October 31, 2017
Independent
2020 Annual Meeting
Votes in favour: 96.90%

Major fields of expertise in addition to Leadership and Strategy:
- Accounting & Finance
- Risk Management
- Information Technology & Digital Strategy
- Legal & Regulatory
- Financial Services

Reporting Issuer during the last five years

ECN Capital Corp.

Current Role on Boards and Committees

(2016 to date) Chair of the Audit Committee

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Audit Committee	5/5	—

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	1,000	7,972	8,972	32.12	288,181	4,750	188% Yes
Feb 7, 2020	1,000	4,907	5,907	43.93	259,495	4,750	124% Yes

Value of total compensation received during the 2020 fiscal year

\$117,500

David Mowat**Summary of professional experience**

David Mowat is a corporate director. Mr. Mowat was President and CEO of ATB Financial from June 2007 to June 2018 and CEO of Vancouver City Savings Credit Union from 2000 to 2007. In 2015, he was named Chair of the Alberta Royalty Review panel. David holds a Bachelor of Commerce from the University of British Columbia. In 2015, he received an Honorary Bachelor of Business Administration from the Southern Alberta Institute of Technology, and in 2017 he received an Honorary Doctorate of Laws from the University of Alberta. In 2014, David was selected by Alberta Venture Magazine as Alberta's Business Person of the Year. He received the ICD.D Director designation from the Institute of Corporate Directors and completed the Directors Education Program. Mr. Mowat is the Chair of the Audit Committee of Telus Communications Inc., the Chair of the Governance and Compensation Committee of Alberta Blue Cross and the Chair of the Audit Committee for the Edmonton International Airport.

Age: 65
West Vancouver, British Columbia, Canada
Director since August 28, 2019
Independent
2020 Annual Meeting
Votes in favour: 96.93%

Major fields of expertise in addition to Leadership and Strategy:
- Accounting & Finance
- Human Resources & Compensation
- Information Technology & Digital Strategy
- Financial Services
- Retail & Consumer

Reporting Issuer during the last five years

Telus Corporation

Current Role on Boards and Committees

(2016 to date) Chair of the Audit Committee

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Audit Committee	4/4	—
Human Resources and Corporate Governance Committee	1/1	—
Special Committee (Note 6)	—	15/15

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	9,640	2,419	12,059	32.12	387,335	7,431	162% Yes
Feb 7, 2020	0	638	638	43.93	28,027	7,431	9% Recently appointed

Value of total compensation received during the 2020 fiscal year

\$120,335

Michael Mueller**Summary of professional experience**

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

Age: 61
Guelph, Ontario, Canada
Director since
December 17, 2018
Independent

2020 Annual Meeting
Votes in favour: 96.88 %

Major fields of expertise in
addition to Leadership and
Strategy:

- Environmental, Social & Governance
- Accounting & Finance
- Risk Management
- Human Resources & Compensation
- Financial Services

Reporting Issuer during the last five years

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

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Special Committee (Note 6)	—	15/15

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirement shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	0	15,669	15,669	32.12	503,288	8,850	177% Yes
Feb 7, 2020	0	6,385	6,385	43.93	280,493	8,850	72% Recently appointed

Value of total compensation received during the 2020 fiscal year

\$280,000

Michelle R. Savoy**Summary of professional experience**

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

Age: 61
Toronto, Ontario, Canada

Director since
March 20, 2012

Independent

2020 Annual Meeting
Votes in favour: 96.69%

Major fields of expertise in
addition to Leadership and
Strategy:

- Accounting & Finance
- Risk Management
- Human Resources & Compensation
- Financial Services
- Retail & Consumer

Reporting Issuer during the last five years

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

Attendance (100% Overall)

Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Risk Management Committee	3/3	1/1
Human Resources and Corporate Governance Committee (Chair)	6/6	2/2
Special Committee (Chair)	—	15/15

Securities held

Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors
Feb 5, 2021	6,646	12,397	19,043	32.12	611,661	5,380	354% Yes
Feb 7, 2020	5,909	9,276	15,185	43.93	667,077	5,380	282% Yes

Value of total compensation received during the 2020 fiscal year

\$149,327

Susan Wolburgh Jenah

Summary of professional experience



Susan Wolburgh Jenah is a corporate director and lawyer by training. From February 2007 to October 2014, Ms. Wolburgh Jenah was President and Chief Executive Officer of the Investment Industry Regulatory Authority of Canada (IIROC), the national self-regulatory body overseeing investment firms and trading activity on Canadian debt and equity markets. Prior to this, she held numerous executive roles at the Ontario Securities Commission from 1983 to 2007, including Vice-Chair, General Counsel and Head of International Affairs. Ms. Wolburgh Jenah has been a member of the Board of Directors of Aecon Group Inc. since 2016, and is currently a member of the Risk Committee and Chair of the Corporate Governance, Nominating and Compensation Committee. She joined the Board of Directors of Hydro One Limited in January 2020 and is a member of the Governance Committee and the Indigenous Peoples, Safety and Operations Committee. Ms. Wolburgh Jenah serves as Vice-Chair of the Humber River Hospital Board, as a member of the C.D. Howe National Advisory Council, and as a member of the Independent Review Committee for Vanguard Investments Canada. Ms. Wolburgh Jenah has served as a Mentor to the Catalyst Women on Board Program. She also served as a member of the Board of Directors of the Global Risk Institute from 2011 to 2017, as a member of the Board of Directors of the NEO Exchange and Aequitas Innovations from 2015 to 2020, and as a Public Governor of the U.S. Financial Industry Regulatory Authority from 2014 to 2020. She received a J.D. from Osgoode Hall Law School in 1982, the ICD.D. designation in 2004, and was awarded the Osgoode Hall Alumni Award for Achievement in 2011.

Age: 65
Toronto, Ontario, Canada

Director since
December 9, 2014

Independent

2020 Annual Meeting
Votes in favour: 96.76%

Major fields of expertise in
addition to Leadership and
Strategy:

- Environmental, Social & Governance
- Risk Management
- Human Resources & Compensation
- Legal & Regulatory
- Financial Services

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

Attendance (100% Overall)		
Member of board/committees	Regular	Special
Board of Directors	7/7	10/10
Audit Committee (Note 4)	1/1	—
Risk Management Committee	3/3	1/1
Human Resources and Corporate Governance Committee	6/6	2/2

Securities held								
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 5, 2021	1,237	13,656	14,893	32.12	478,363	5,380	277%	Yes
Feb 7, 2020	1,237	10,234	11,471	43.93	503,921	5,380	213 %	Yes

Value of total compensation received during the 2020 fiscal year
\$125,000

Nicholas Zelenczuk, FCPA, FCA

Summary of professional experience



Nicholas Zelenczuk is a corporate director. [He has over 35 years of experience in banking, capital markets and investment management. He has served in Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Operating Officer (COO) positions for leading companies including Canada Pension Plan Investment Board (CPPIB), BCE Inc, CIBC Wood Gundy, Citibank and Deutsche Bank (Canadian branch). He also worked at KPMG as a partner in risk consulting. At BCE, he served as head of audit and risk, reporting to the CFO and Chair of the Audit Committee. His risk management role was enterprise wide in scope. This was also true at CPPIB as CFO and later as COO. As CPPIB COO he also had oversight responsibilities for such functions as HR, technology, data management, public affairs, investment operations and corporate strategy. Mr. Zelenczuk is a member of the Board of Trustees of Healthcare of Ontario Pension Plan. He earned a CPA, CA designation and is fellow of CPA Ontario. He received the ICD.D Director designation from the Institute of Corporate Directors and completed the Directors Education Program.

Age: 65
Toronto, Ontario, Canada

Director since
May 28, 2020

Independent

2020 Annual Meeting
Votes in favour: N/A

Major fields of expertise in
addition to Leadership and
Strategy:

- Accounting & Finance
- Risk Management
- Information Technology & Digital Strategy
- Legal & Regulatory
- Financial Services

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

Attendance (100% Overall)		
Member of board/committees	Regular	Special
Board of Directors (Note 5)	2/2	5/5
Audit Committee (Note 4)	1/1	—
Risk Management Committee (Note 2)	1/1	1/1

Securities held								
Date	Total common shares	Total DSUs	Total common shares and DSUs	Share value (\$)	Total value of common shares and DSUs (\$)	Minimum requirements shares/DSUs (Note 1)	Complies with minimum share ownership requirements for directors	
Feb 5, 2021	3,000	1,901	4,901	32.12	157,420	10,891	45%	Recently appointed

Value of total compensation received during the 2020 fiscal year
\$60,394

- Note 1: New rules on share ownership were adopted on May 1, 2016. Each director must hold at least three times his/her fixed compensation in common shares and/or Deferred Share Units. The minimum holding is based on the closing price of the common shares of the Bank on the Toronto Stock Exchange as at October 31, 2015, except for Ms. Baxendale, Mr. Morris, Mr. Mueller, Ms. Bolger, Mr. Mowat and Mr. Zelenczuk whose minimum holdings are based on the closing price of the common shares of the Bank on said Exchange as at the dates they were appointed, i.e. August 31, 2016, October 31, 2017, December 17, 2018, August 28, 2019, August 28, 2019, and May 28, 2020 respectively.
- Note 2: Ms. Bastarache and Mr. Nicholas Zelenczuk were appointed to the Risk Management Committee on May 28, 2020.
- Note 3: Ms. Bolger and Mr. Mowat were appointed to the HRCG Committee on May 28, 2020.
- Note 4: Ms. Wolburgh Jenah and Mr. Zelenczuk were appointed to the Audit Committee on May 28, 2020.
- Note 5: Mr. Zelenczuk was appointed on May 28, 2020
- Note 6: A Special Committee - Governance was in place from June 14, 2020 to November 3, 2020 to oversee the evaluation of candidates and hiring of the new President and Chief Executive Officer. Messrs. Mowat and Mueller and Ms. Savoy (Chair of the Special Committee) served on this Special Committee to oversee the evaluation of candidates and hiring of the new President and Chief Executive Officer. The members met once a week from July 6 to October 12, 2020 in addition to several meetings with the various candidates.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

Based on information provided by Mr. Michael Mueller, he was a director of Eureka 93 Inc. until August 2019, a public company that was declared bankrupt on August 28, 2020.

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

The HRCG Committee is responsible for reviewing director compensation and recommending to the Board the amount and structure of director compensation. The compensation of the Bank is designed to attract and retain qualified individuals to serve as directors of the Bank and to compensate such individuals appropriately for the time and effort they devote to overseeing the effective operation of the Bank. It is also designed to be consistent with the interests of shareholders and to reflect best practices. The HRCG Committee has the authority to engage the services of consultants, including compensation consultants or advisors, as it deems necessary or desirable to carry out its responsibilities. The HRCG Committee reviews director compensation on a biennial basis to ensure that the compensation meets the stated objectives. The structure of director compensation was last modified on May 1, 2018, following a review by the HRCG Committee's independent advisor of market competitive board compensation practices at similarly-sized Quebec-based companies from all industries and at similarly-sized Canadian companies from the financial services sector. In 2020, the HRCG Committee requested that its external advisor again conduct a review and update of director compensation.

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

Directors receive no other fees for attending Board or committee meetings. Directors who are required to participate in group training sessions offered by the Bank receive additional compensation of \$1,500 per training day. 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 receive any compensation as directors. Directors who are not officers are not eligible to participate in the Bank's stock option plan or in any other incentive compensation program of the Bank, except for participation in the Bank's Director deferred share unit plan as described below.

COMPENSATION IN THE FORM OF SHARES OR DEFERRED SHARE UNITS

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

A director may elect to receive all or part of his/her compensation in the form of issued Bank common shares and/or DSUs. For the shares, their value is determined on the basis of the market price at the time of payment to the director. The election may be changed at any time and takes effect on the next quarterly compensation payment date. As for the DSUs, the number of units awarded is established in accordance with the plan. Directors may elect to receive DSUs on an annual basis.

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

OWNERSHIP REQUIREMENTS

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

As at February 5, 2021, all non-employee directors exceeded the target minimum ownership requirement, except for recently appointed directors: Ms. Andrea Bolger (69% of target, appointed on August 28, 2019) and Mr. Nicholas Zelenczuk (45% of target, appointed on May 28, 2020).

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

DIRECTORS' COMPENSATION TABLE

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

	Board retainers (\$)	Committees retainers (\$)	Other Compensation (\$)	Total Compensation (\$)	Portion of Total Compensation Allocated to Cash and Shares/DSUs	
					Paid in Cash (\$)	Paid in Shares/DSUs (\$)
Lise Bastarache	110,000	10,700	0	120,700	65,700	55,000
Sonia Baxendale	110,000	35,000	0	145,000	45,000	100,000
Andrea Bolger	110,000	10,720	0	120,720	32,860	87,860
Michael T. Boychuk	110,000	35,000	0	145,000	45,000	100,000
A. Michel Lavigne (Note 1)	55,000	3,750	0	58,750	31,250	27,500
David Morris	110,000	7,500	0	117,500	31,250	86,250
David Mowat (Note 2)	110,000	10,335	0	120,335	65,335	55,000
Michael Mueller	280,000	0	0	280,000	0	280,000
Michelle R. Savoy (Note 2)	110,000	39,327	0	149,327	54,211	95,116
Susan Wolburgh Jenah	110,000	15,000	0	125,000	32,740	90,514
Nicholas Zelenczuk (Note 3)	53,995	6,399	0	60,394	33,397	26,997

Note 1: Mr. A. Michel Lavigne ceased to be director on March 23, 2020.

Note 2: On June 14, 2020, the Board approved the creation of a Special Committee in connection with the appointment of a new President and Chief Executive Officer. Annual compensation was approved as follows: \$20,000 for the Chair of the Special Committee and \$7,500 for each of the other committee members. For the last fiscal year, compensation was paid on a *pro rata* basis for the period from June 14, 2020 to November 3, 2020.

Note 3: Mr. Zelenczuk was appointed as a director on May 28, 2020.

HUMAN RESOURCES AND CORPORATE GOVERNANCE COMMITTEE LETTER TO SHAREHOLDERS

Dear fellow shareholders,

The HRCG Committee oversees our approach to compensation on behalf of the Board to create alignment with the Bank's evolving strategic objectives and the interests of shareholders. Over the last year, our focus was on the health, safety and well-being of our employees, customers and communities. The Board directly, and through its HRCG Committee, oversaw various initiatives to support our employees and to ensure we could continue to support our customers in a safe and effective manner. These included rapidly implementing a secure work from home strategy, increasing the intensity of cleaning at our offices, minimizing the number of individuals at any given location and providing, since January 2021, employees and their families with access to healthcare professionals 24/7 through a virtual health care platform. Our ability to implement COVID-19 related programs and plans, to continue to support our customers and to adapt to a new work environment would not have been possible without the considerable contributions of our employees. I wish to thank them for their achievements and efforts during this challenging year.

During 2020, we continued to engage with the Bank's stakeholders on executive compensation and other corporate governance priorities. The HRCG Committee worked on their behalf to ensure that our compensation practices appropriately motivate the key employees responsible for achieving the Bank's strategic objectives, driving sustainable growth and enhancing long-term shareholder value within our risk appetite framework.

2020 Chief Executive Officer Appointment

2020 was marked by an important change in our leadership team with the appointment of Rania Llewellyn as our new President and Chief Executive Officer. Following a rigorous search process, the Board is confident that she is the change agent this bank needs to address the headwinds it faces and to establish a foundation for future growth and success. In addition, we are proud to have the first woman CEO in the history of major Canadian chartered banks. Additional information about the recruitment process is described under the heading "*Succession Planning*" in Part F of this Circular.

François Desjardins retired this past year and we wish to take this opportunity to thank him for his 29 years of dedicated service, for his contribution to the development of the Bank and notably for his past 5 years as the President and Chief Executive Officer.

2020 Bank Performance and Pay

The 2020 fiscal year was one of continued transformation for the Bank. We launched LBC Digital, a direct-to-customer channel, expanding our customer reach from coast to coast, completed the conversion of our traditional branch network to a 100% Advice model and merged 20 retail branches. In fiscal 2021, we will continue to drive efficiencies and promote performance-driven behaviors.

Nevertheless, our financial performance was impacted by the pandemic which hampered our ability to deliver on our short-term performance targets. Higher expected credit losses, primarily driven by the severe economic conditions, and lower interest income as a result of a decrease in certain targeted loan portfolios, contributed to lower performance, despite improved results from market driven activities in the second half of 2020 and the stabilization of expenses.

In light of the pandemic's impact on operations and the extraordinary contributions of our employees during this challenging year, the Board took a careful and holistic approach when assessing performance to recognize the efforts and accomplishments of our employees and to ensure a fair compensation outcome at all levels of the organization.

Our employees have put in considerable effort to respond as effectively as possible to the specific challenges of a global pandemic, to implement COVID-19 related plans, including the support of our customers, and to adapt to a new work environment. Many of them have had to make significant personal sacrifices to ensure the long-term success of the organization. To recognize their considerable efforts, the Board, upon recommendation of the HRCG Committee, exercised its discretion to adjust performance targets on a sliding-scale favouring non-executive employees. As a result, employees at the Executive Vice President level were awarded 2020 short-term incentives at 30% of target. In addition, base salaries and incentive targets for Named Executive Officers ("**NEOs**") were frozen for 2021. Additional information regarding our approach is described below under the heading, "*2020 Results*".

Executive Compensation Decisions

New President and Chief Executive Officer Compensation: Ms. Llewellyn's 2021 total target direct compensation includes a base salary of \$700,000, with a target short-term incentive equivalent to 100% of her base salary. The target long-term incentive ("**LTI**") will be 200% of her base salary and will be 70% performance-based, in the form of PSUs and 30% stock options. Also, Ms. Llewellyn will participate in the Defined Contribution Pension Plans.

Replacement Compensation: In attracting Ms. Llewellyn to join the Bank, the Board determined that it was appropriate to provide additional cash and long-term incentive to replace compensation forfeited as a result of her departure from her prior employer. Ms. Llewellyn received a sign-on award of \$700,000 in cash, \$1,550,000 in Restricted Share Units and \$750,000 in stock options. Over 75% of this special sign-on award is linked to the Bank's share price, aligning Ms. Llewellyn's interests with those of shareholders and focusing on value creation.

Severance Period: The HRCG Committee revised the severance period and capped it at twenty-four (24) months in case of termination for the President and CEO. The former President and CEO's severance period was capped at thirty-six (36) months.

Share Ownership Requirement: As required under the terms of his employment agreement, our former President and Chief Executive Officer is required to and will continue to hold Bank shares for a one year period following his retirement. An equivalent 12 month hold requirement is included in Ms. Llewellyn's employment agreement, and the applicable share ownership threshold has been reduced from 6 times base salary to 5 times base salary, which is aligned with market practice and the aggregate value of her long term incentive award opportunity.

Benchmarking Executive Pay: During fiscal 2020, the HRCG Committee retained an independent advisor, Hexarem, to conduct a benchmark of the executive compensation, including the pension plan, benefits and perquisites for each of our executives. The exercise was completed based on our new comparator group approved in 2019.

Based on the results of the benchmarking exercise, the following changes were recommended by the HRCG Committee and approved by the Board of Directors:

- Closing the Defined Benefit Pension Plan to new members and introducing a Defined Contribution Pension Plan. All executives joining the Bank after October 29, 2020, including Ms. Llewellyn, are being enrolled in the new plan.
- Simplifying perquisites and financial benefits for our executives.

Diversity

The Bank continued its long-standing support for diversity in 2020. During the year, the Bank welcomed a new president, CEO and board member, Rania Llewellyn, who is the first woman to serve as CEO of a major Bank in Canada. Currently, there are six (6) nominees for election to the Board who are women, representing 55% of the Board, and two (2) of the three (3) Board committees are chaired by women. In addition, there are two (2) directors, representing 18% of our Board nominees, who identify as members of visible minorities.

The Board and Management believe that diversity and inclusion efforts contribute to a culture of performance and enhance decision making at all levels of the organization. The HRCG Committee receives regular reports from Management regarding the diversity of our workforce in terms of gender, visible minorities, indigenous peoples and persons with disabilities. During the year, the Bank also became a signatory to the BlackNorth Initiative, focused on dismantling systemic anti-Black racism. In addition, beginning in 2021, the diversity of our workforce will be included in the performance objectives of the Bank's leaders to ensure that diversity is prioritized.

Additional details are described under the heading, "*Our Commitment to Diversity*" in part F of this Circular.

Shareholder Engagement

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

The Board is committed to understanding and balancing the views and interests of our stakeholders. Accordingly, outreach is a top priority. In addition to meeting with shareholders, we also engage in meetings with various proxy advisory firms, advocacy groups and other stakeholders.

During the year, our outreach initiatives included discussions on diverse issues including our response to the COVID-19 pandemic, executive compensation, board diversity and renewal, environmental, social and governance matters and cybersecurity. Together with Management we have worked over the year to be responsive to shareholder concerns and to improve our executive compensation approach, governance practices and disclosure. We value the feedback we receive and would encourage you to provide your comments, suggestions or questions by email to the Bank's Corporate Secretary at corporate_secretariat@lbcfg.ca, directly to the Chair of the Board at mike.mueller@lbcfg.ca or by mail at 1360 René-Lévesque Boulevard West, Suite 600, Montreal, Quebec, H3G 0E5.

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

Sincerely,



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

COMPENSATION DISCUSSION AND ANALYSIS

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

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

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

Compensation Governance

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

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

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

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

Human Resources and Corporate Governance Committee

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

Specific Experience or Expertise	Number of HRCG Committee Members
Human resources Experience with compensation, pension and benefit programs (in particular, executive compensation)	5 of 5
Risk management Knowledge and experience with internal risk controls, risk assessments and reporting	5 of 5
Executive leadership Experience as a senior executive/officer of a public company or major organization	5 of 5

The HRCG Committee is comprised of Michelle R. Savoy (Chair), Sonia Baxendale, David Mowat, Andrea Bolger and Susan Wolburgh Jenah. All members are independent within the meaning of National Instrument 52-110 - *Audit Committees*. Additional information regarding the HRCG Committee members standing for re-election as directors is provided in Part C - *Director Nominees* of this Circular.

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

Independent Advice

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

Advisor	Executive Compensation-Related Fees (\$)		All Other Fees (\$)	
	2020	2019	2020	2019
Hexarem	252,312	78,914	—	—

During fiscal 2020, the HRCG Committee mandated its independent advisor, inter-alia, to conduct a benchmark of Total Compensation, including the pension plan, benefits and perquisites of the Bank's executives, and to assist the HRCG Committee in relation to the design of the compensation arrangements for the interim and new President and Chief Executive Officers. The benchmark was done based on the new comparator group approved in 2019.

Summary of Compensation Policies and Practices

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

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

Every year, the HRCG Committee in conjunction with the Risk Management Committee of the Board, considers the risks associated with the Bank's compensation policies, programs and practices in the course of reviewing and recommending to the Board the compensation of the NEOs. The Bank's compensation approach incorporates features designed to mitigate risk without diminishing the incentive nature of compensation, and encourages and rewards prudent business judgment and appropriate risk taking over the long term. As further described below, examples of such risk mitigation strategies include the use of long-term incentives which vest only upon the achievement of performance-based and time-based criteria, executive share ownership and hold guidelines and anti-hedging and clawback provisions, all of which ensure alignment with shareholder interests over the long term.

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

What we do

- Provide shareholders with opportunity to vote on an advisory "Say on Pay" resolution regarding our approach to executive compensation;
- Oversee the calculation of short and long-term variable compensation based on complementary financial and non-financial metrics;
- Align the Bank's compensation programs with its corporate strategy through short- and long-term strategic goals;
- Ensure that a significant proportion of compensation is conditional on the performance of the Bank and the individual;
- Assess target compensation for executive officers with reference to an appropriate and representative peer group of similarly sized organizations from the Canadian financial services sector;
- Review the information on organizations used in the Bank's peer group for benchmarking purposes;
- Retain an independent compensation advisor to obtain necessary information about trends and best practices on compensation policies and programs;
- Tie a majority of senior executives' compensation to shareholders' return;
- Defer a substantial portion of incentives for employees whose actions may have a material impact on the Bank's risk profile to ensure they are accountable for decisions that may entail greater long-term risk;
- Link the vesting of long-term incentive awards to the achievement post-grant long-term performance goals, with the results that 70% of NEO and 75% of CEO target total direct compensation is at risk;
- Require substantial minimum share ownership at the senior management level, and for the CEO extending 12 months following retirement;
- Include relative and absolute performance vesting conditions in the design of the PSUs;

- Require our CEO to hold stock option gains, net of taxes, in shares for a minimum of 12 months;
- Test compensation awards for appropriate alignment between pay and performance under several outcome scenarios;
- Allow deferred vesting of share units until after retirement;
- Include clawback provisions in our compensation plans that allow the Bank to recoup incentive compensation payments;
- Subject equity incentives to a “double trigger” which means that vesting periods may only be accelerated if an executive is terminated without cause within 12 months after a change of control; and
- Cap annual incentive payouts and PSU payouts.

What we don't do

- Guarantee bonuses;
- Guarantee minimum vesting on our PSUs;
- Allow for the repricing or backdating of stock options;
- Have single-trigger change of control benefits;
- Permit hedging or pledging of equity holdings;
- Provide severance protection in excess of 24 months of pay;
- Have excessive perquisites; or
- Excessively dilute shareholders equity due to long-term incentive programs.

Compensation Peer Group and Benchmarking

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

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

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

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

The resulting peer group is comprised of 13 comparator companies:

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

The HRCG Committee's role is to review the results of the market study prepared by external advisors, receive and evaluate the President and Chief Executive Officer recommendations on other NEOs' compensation and submit its recommendations to the Board for approval of the target compensation of NEOs.

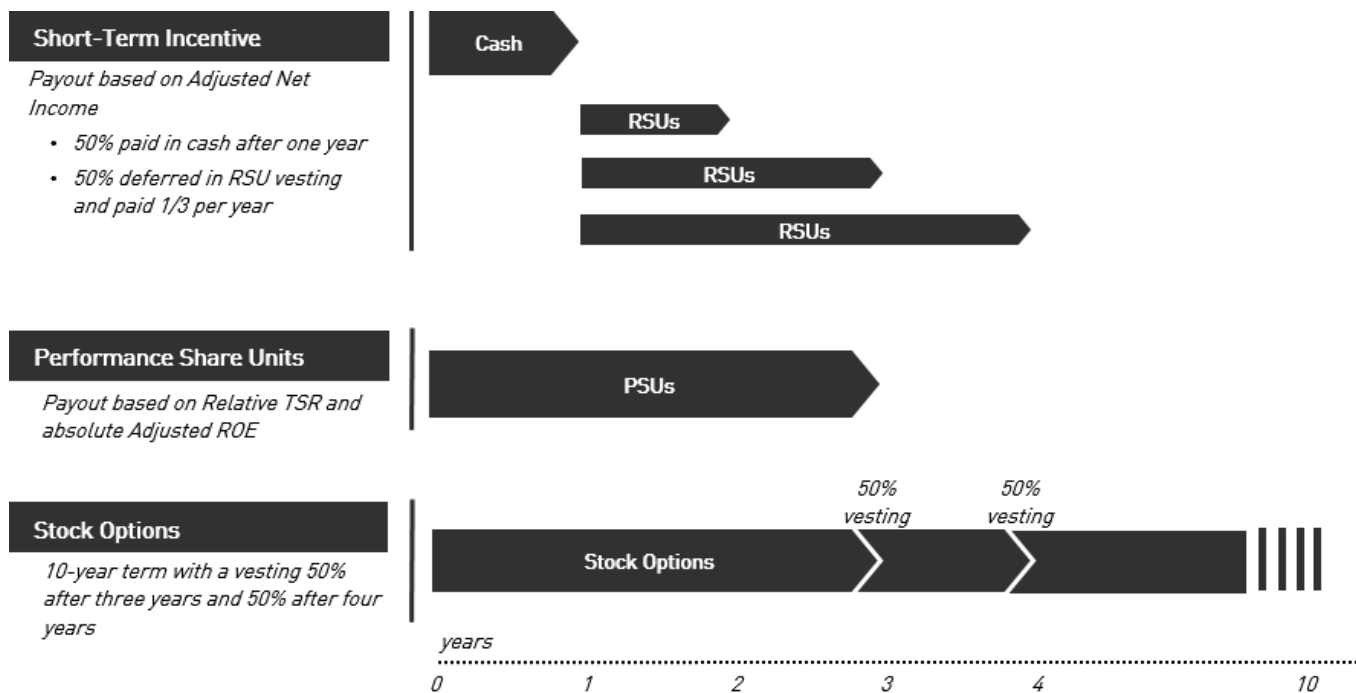
NAMED EXECUTIVE OFFICERS' COMPENSATION

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

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

The target total direct compensation of our President and CEO consists of a mix of 25% fixed and 75% fully at-risk compensation. For other NEOs, the pay mix consists of 30% fixed and 70% fully at-risk compensation.

The NEO incentive compensation program is designed to align pay with the interests of shareholders with an emphasis on long-term value creation. Short-term incentives link annual pay to a "Financial Performance Factor", based on the Bank's adjusted net income relative to its target for the year, and an "Individual Performance Factor" based on the achievement of individual goals. In 2020, half of short-term incentive payments were deferred and paid in restricted share units (RSUs). In fiscal 2020, the Bank's performance share units (PSUs), which represent 70% of the long-term incentives granted to NEOs, are fully at risk over three years with no guaranteed minimum vesting. Half of PSU vesting is based on relative TSR against the XFN - S&P/TSX Capped Financials Index Fund. The other half of PSU vesting is based on adjusted ROE relative to the Bank's budget. Stock options represent 30% of the long-term incentive value granted to NEOs. The stock options granted in December 2020, vest 50% after three years and 50% after four years and tie realized NEO pay to shareholder return for up to 10 years.



Base Salary

The base salary provides NEOs with a base level of earnings throughout the year; and is determined based on the following criteria:

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

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

Base salaries of our NEOs are as follows:

	Base Salary Set at the Beginning of 2019	Base Salary Set at the Beginning of 2020	Base Salary Set at the Beginning of 2021
Rania Llewellyn (Note 1)	—	—	\$700,000
François Desjardins	\$600,000	\$600,000	— (Note 2)
François Laurin	\$380,000	\$380,000	\$380,000
Deborah Rose	\$420,000	\$420,000	\$420,000
Stéphane Therrien	\$420,000	\$420,000	— (Note 3)
William Mason	\$380,000	\$380,000	\$380,000

Note 1: Ms. Llewellyn joined the Bank on October 30, 2020.

Note 2: Mr. Desjardins retired on June 30, 2020.

Note 3: Mr. Therrien retired on December 31, 2020.

Short-Term Incentive

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

In fiscal 2020, the payout under the program was calculated as follows:

$$\text{STI Target} \times \text{Financial Performance Factor Between 0\% and 150\%} \times \text{Individual Performance Factor Between 0\% and 150\%} = \text{Short-Term Incentive Compensation Payout Between 0\% and 225\%}$$

Short-Term Incentive Target

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

	2019 STI Target	2020 STI Target	2021 STI Target
Rania Llewellyn	— (Note 1)	— (Note 1)	100%
François Desjardins	100%	100%	— (Note 2)
François Laurin	80%	80%	80% (Note 3)
Deborah Rose	80%	80%	80% (Note 3)
Stéphane Therrien	80%	80%	80% (Note 3)
William Mason	80%	80%	80%

Note 1: Ms. Llewellyn joined the Bank on October 30, 2020.

Note 2: Mr. Desjardins retired on June 30, 2020.

Note 3: Ms. Rose and Mr. Laurin will retire on February 12, 2021 and April 6, 2021, respectively, and Mr. Therrien retired on December 31, 2020. Accordingly, they will not be eligible to receive a short-term incentive for 2021.

Financial Performance Factor

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

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

An overarching hurdle of adjusted net income must be reached to trigger the payment of an annual STI award. No STI awards are paid if the threshold is not reached, unless the Board applies its discretionary power.

The performance levels that applied for fiscal 2020 and the corresponding Financial Performance Factor for incentive compensation purposes are summarized in the following table:

	Adjusted Net Income ⁽¹⁾ (\$M)	Financial Performance Factor
Overarching Hurdle	< 127.60	0%
Between Hurdle and Threshold	Between 127.60 and 170.14	0% for NEOs and lump sum envelope ⁽²⁾
Threshold	170.14	50%
Target	212.67	100%
Maximum	233.94	150%

(1) Linear interpolation between levels, above the threshold. This non-GAAP measure is referred to as “adjusted” measure and excludes amounts designated as adjusting items. Adjusting items relate to restructuring plans and to business combinations and have been designated as such as management does not believe they are indicative of underlying business performance.

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

2020 Results

The Bank’s Adjusted Net Income was below the pre-determined performance threshold set in fiscal 2019 for fiscal 2020, which would have normally resulted in a Financial Performance Factor of 0% and short-term incentive payouts of \$0 for all NEOs, irrespective of their Individual Performance Factors. In light of the pandemic’s impact on operations and the extraordinary contributions of our employees during this challenging year, the Board took a careful and holistic approach when assessing performance to recognize the efforts and accomplishments of our employees and to ensure a fair compensation outcome at all levels of the organization.

Our employees have put in considerable effort to respond as effectively as possible to the specific challenges of a global pandemic, to implement COVID-19 related plans, including the support of our customers, and to adapt to a new work environment. Many of them have had to make significant personal sacrifices to ensure the long-term success of the organization. In order to recognize their significant efforts, the Board, upon recommendation of the HRCG Committee, exercised its discretion to adjust performance targets on a sliding-scale favouring non-executive employees. As a result, the Board approved discretionary 2020 short-term incentive payouts at 30% of target for NEOs as described in greater detail below. The use of a sliding-scale multiplier properly reflects the relative ability of team members to impact the achievement of the performance threshold while recognizing the considerable efforts of our employees to respond to the unprecedented challenges of the year.

In coming to its decision, the HRCG Committee sought to balance the unforeseen impacts of the COVID-19 pandemic while respecting the performance targets established in fiscal 2019. As part of this process, the HRCG Committee took into account OSFI guidance announced on March 13, 2020, that any increased capacity be used for lending and not for increasing dividends, senior management compensation or share buy-backs as well as the impact of the reduction of the Bank’s dividend in 2020 on shareholders. Within this framework, the Board determined the exercise of discretion would be appropriate given the following:

- 2020 was a year of global economic crisis that could not have been foreseen;
- The impact of COVID-19 on the Bank’s performance was generally negative and outside of NEOs’ control;
- The Bank supported its personal and commercial clients by implementing loan payment deferrals and participated in government sponsored programs aimed at providing emergency loans for commercial clients;
- Management was successful in the rapid transition to a work from home environment while continuing to meet other operational milestones including the launch of LBC Digital, a direct-to-customer channel, expanding our customer reach from coast to coast, completing the conversion of our traditional branch network to a 100% advice model and the merger 20 retail branches;
- The Bank operates in an environment of fierce competition for talent;
- The Financial Performance Factor is a major component of the compensation framework which has a considerable impact on variable compensation across all levels of the organization; and
- 2020 was a year of leadership transition, which created further uncertainty and placed additional demands on Management in an already challenging year.

After considering the above, the HRCG Committee determined that a discretionary 2020 short-term incentive payout should be (i) modest, and (ii) aligned with individual performance. As a result, and after assessing the appropriateness of projected year-over-year total compensation changes, the HRCG Committee recommended to the Board that, on a discretionary basis, the Performance Factor be set at 30% for all NEOs except the new CEO who is not receiving a short-term incentive payout. The Board approved this recommendation.

Individual Performance Factor (IPF)

The Bank sees performance management as a crucial exercise and a key factor in the execution of the Bank's strategic plan.

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

Performance Indicators	Description
Laurentian Bank Adjusted Net Income	Act diligently to achieve the Group's financial target, which is a shared objective and one to which everyone contributes
Sector Management / Growth Targets	Leaders are responsible for the allocation of resources and expenditures and must: <ul style="list-style-type: none"> design and execute operations, activities and initiatives with the objective to meet or exceed budgetary expectations; exercise excellent judgment in the allocation of resources; monitor individual and team budgets and expenses on a regular basis; and enforce proper budgetary controls.
Risk Management & Compliance	Foster a culture of compliance and exercise sound risk management in the fulfillment of regulatory obligations and best practices.
Strategy Management	Ensure championship and communication of corporate strategy, risk assessment and initiatives: <ul style="list-style-type: none"> provide leadership of strategic plan on an internal and external basis; and anticipate and analyze risks surrounding the Plan Develop and oversee sector growth strategy Develop and oversee an annual strategic plan and present it for review and prioritization
Initiative Sponsor	Demonstrate effective management of initiatives and stakeholder engagement
Initiative Participation	Properly staff, execute and be responsible for sector deliverables pertaining to initiatives championed by other sectors As a member of the Bank's executive team, participate in initiatives that are sponsored by other sectors and/or colleagues.
Professional Behavior	Foster collaborative and effective working relationships between team members and with Board of Directors
People Management Competency	Practice daily the following commitments to human resources: <ul style="list-style-type: none"> vision & strategy, leadership, planning & organization, communication & meetings, interpersonal relations, assistance, motivation, knowledge, training & coaching and evaluation & objectivity

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

2020 Short-Term Incentive Payout

Exceptionally in 2020, in light of the pandemic's impact on the Bank's operations and the extraordinary efforts exerted in this challenging year, the HRCG Committee recommended to the Board that, on a discretionary basis, the Financial Performance and Individual Performance Factors be replaced by a discretionary factor, at 30% of the target for all NEOs.

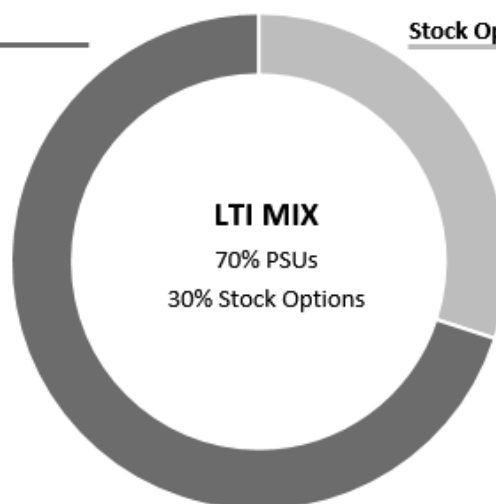
Long-Term Incentives

The Bank's long-term incentive program is comprised of Performance Share Units and Stock Options and ensures alignment between executives' pay and the interests of shareholders with an emphasis on long-term value creation. The program is aligned with Canadian banking sector practices and sound governance standards.

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

Performance Share Units (PSUs)

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



Stock Options

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

Performance Share Units (PSUs)

The 2020 PSU grants were as follows.

	Base Salary at the time of grant (Note 1, 2)	2020 PSUs Target (% of salary) (70% of individual LTIP Target)	2020 PSUs Target (\$) (70% of individual LTIP Target)
Rania Llewellyn	\$700,000	n/a	n/a
François Desjardins	\$600,000	210%	\$1,260,000
François Laurin	\$380,000	109.2%	\$414,960
Deborah Rose	\$420,000	109.2%	\$458,640
Stéphane Therrien	\$420,000	109.2%	\$458,640
William Mason	\$380,000	109.2%	\$414,960

Note 1: Ms. Llewellyn joined the Bank on October 30, 2020.

Note 2: Mr. Therrien's base salary at the time of grant was \$420,000.

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

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

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

For the PSUs granted in 2017 and vested in December 2020, which are based on the former PSU program, the Bank has recorded a three-year TSR of -50.40%, while the XFN - S&P/TSX Capped Financials Index Fund has recorded a three-year TSR of -1.50%.

The resulting performance-based vesting factor was 75%, which was the minimum vesting factor as per the former PSU program, which was discontinued in fiscal 2018. Prior performance vesting factors for PSUs that vested in December 2019 and 2018 were 81% and 75% respectively.

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

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

Stock Option Plan

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

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

The 2020 annual stock options grants were allocated as follows:

	Number of Stock Options Granted in Fiscal 2020	2020 Stock Option Value Target (% of Salary) (30% of Individual LTIP Target)	2020 Stock Option Value at Grant Date (\$) (30% of Individual LTIP Target)
Rania Llewellyn (note 1)	154,004	n/a	n/a
François Desjardins	102,467	90%	540,000
François Laurin	33,746	46.8%	177,840
Deborah Rose	37,298	46.8%	196,560
Stéphane Therrien	37,298	46.8%	196,560
William Mason	33,746	46.8%	177,840

Note 1: This represents Ms. Llewellyn's sign-on stock options grant.

The following table outlines the Burn Rate, the Dilution and the Overhang for the past three years as of October 31, 2020, calculated using the TSX prescribed methodology.

	2020 (Note 1)	2019	2018
Burn Rate Total number of stock options granted in a fiscal year, divided by the weighted average number of shares outstanding at the time of grants for the fiscal year	1.3%	0.9%	0.3%
Dilution Total number of stock options issued but not exercised, divided by the total number of issued and outstanding shares at the end of the fiscal year	2.0%	1.2%	0.3%
Overhang Total number of stock options available to be issued, plus all stock options outstanding that have not yet been exercised, divided by the total number of issued and outstanding shares at the end of the fiscal year	4.1%	4.2%	0.3%

Note 1: Including Ms. Llewellyn's special sign-on award, the total number of stock options granted in the fiscal year amount to a Burn Rate of 1.3%. However, given the departure of the former CEO and other executives, resulting in the cancellation of stock options granted in 2020, the real Burn Rate is 1.0%.

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

	Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2020 (Note 1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2020 (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column) as at October 31, 2020
Old Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries	71,683	38.97	53,279
Stock Option Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries	671,169	39.60	993,161

Note 1: Including Ms. Llewellyn's sign-on stock options grant.

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

Pension Plans

Pension plans are funded and are financed by the Bank and are non-contributory for the participants.

Defined benefit pension plans (closed to new membership as of October, 2020)

The NEOs, with the exception of Ms. Llewellyn, participate in a basic defined benefit pension plan - the *Pension Plan for the Senior Officers of the Laurentian Bank of Canada and Participating Subsidiaries* (the "**officers' DB plan**") - and in a supplemental defined benefit pension plan - the *Supplemental Pension Plan for Members of the Executive Management of the Laurentian Bank of Canada and Participating Subsidiaries* (the "**supplemental DB plan**"). Under the officers' DB plan, a pension is payable, up to the maximum amount permitted by law and the supplemental DB plan covers all pensions granted in excess thereof, if applicable.

Under the officers' DB plan and the supplemental DB plan (collectively, the "**DB 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.

The participants of the DB plans may also elect to participate in the flexible component of the officers' DB plan through optional ancillary contributions. These contributions enhance the benefit paid under the basic component of the officers' DB 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.

Defined contribution pension plans (new membership as of October, 2020)

Ms. Llewellyn participates in a basic defined contribution pension plan - the *Senior Executive Defined Contribution Basic Plan* (the "**officers' DC plan**") - and in a supplemental defined contribution pension plan - *Senior Executive Defined Contribution Supplemental Plan* (the "**supplemental DC plan**"). Under the officers' DC plan, contributions are accumulated, up to the maximum amount permitted by the law and the supplemental DC plan covers all contributions granted in excess thereof, if applicable.

Under the officers' DC plan and the supplemental DC plan (collectively, the "**DC plans**"), participants are entitled to employer contributions equal to 15% of the annual base salary with immediate vesting. In addition, Ms. Llewellyn is entitled to an additional employer contributions equal to 10% of the annual base salary, vesting at the later of reaching 55 years old or ten years of eligible service.

Benefit Plans and Perquisites

The benefits program for the NEOs includes life, medical, dental and disability insurance and a healthcare spending account. In addition, NEOs are entitled to an annual medical exam and an annual cash allowance, less applicable deductions.

Minimum Share Ownership Level Requirements

To foster long-term engagement of executives, the HRCG Committee adopted minimum share ownership level requirements. These requirements are currently as follows:

Executive Level	Minimum Requirement
President and Chief Executive ⁽¹⁾	5x base salary
Executive Vice Presidents	2x base salary

Note 1: The minimum requirement has been revised in 2020 from 6x base salary to 5x base salary to align with market practices.

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

- Bank's common shares held;
- RSUs, vested and non-vested, including the award relating to the fiscal year just ended; and
- PSUs vested, as well as non-vested PSUs, calculated based on the minimum payment provided by the program. Such minimum PSU payment was discontinued effective as of December 4, 2018. The last legacy PSUs with a minimum floor vesting were settled and no longer exist as of December 2020.

Although there is no time limit for reaching the minimum share ownership requirements, executives must participate in the deferred version of the PSU program until the requirements are met.

Clawback Provisions

The clawback provisions included in the Bank's incentive compensation plans provide that if the Bank's financial statements for a previous year were to be restated due to fraud or a serious irregularity, the HRCG Committee may decide to clawback previous awards of share units or options awarded based on financial performance in accordance with the restated financial results.

Risk Analysis

In adopting compensation practices and setting executive compensation, the HRCG Committee, with the help of the Risk Management Committee, evaluates the risks associated with the Bank's compensation policies and practices. The mandates of the HRCG Committee and of the Risk Management Committee provide for an annual analysis of risks associated with the various compensation programs which is prepared under the supervision of the Executive Vice President and Chief Risk Officer. An analysis grid, in line with the principles of the Financial Stability Board was developed to assess the risks associated with each of the Bank's compensation programs. The grid covers five categories of criteria - conception of the program, process for determining results, approval of results, risk-taking and synchronization of STI awards and losses.

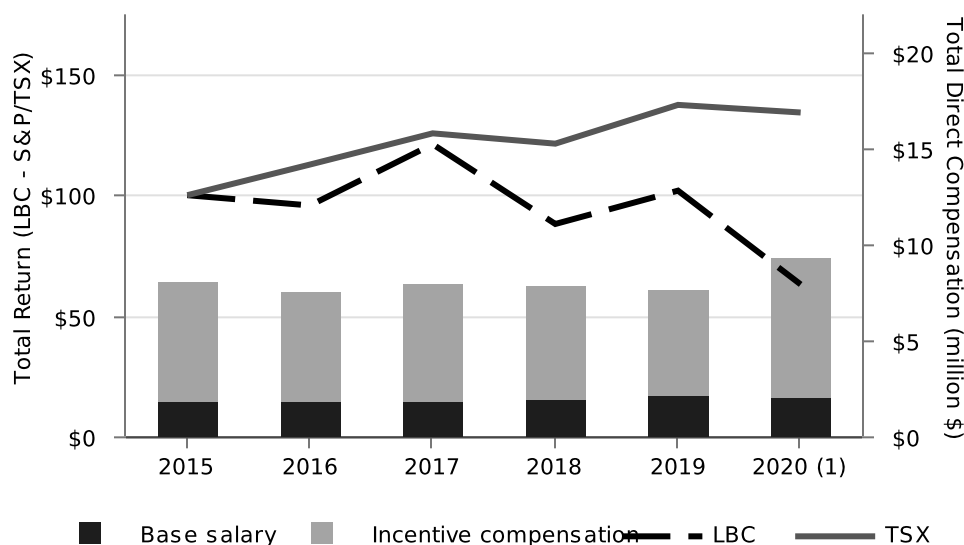
The last such analysis was conducted in December 2020. As a result of this assessment, the HRCG Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

Hedging

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

Performance Graph and Trend Analysis

The following graph represents the comparison between the Bank's cumulative total shareholder return for \$100 invested in the Bank's common shares on October 31, 2015, assuming reinvestment of dividends, and the cumulative total return of the Toronto Stock Exchange's S&P/TSX Composite Index for the last five fiscal years. The graph also sets out the total direct compensation paid to NEOs for the last five fiscal years.



	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Base Salary (in million \$)	\$1.9	\$1.9	\$1.9	\$2.0	\$2.2	\$2.1
Incentive Compensation (in million \$)	\$6.2	\$5.7	\$6.2	\$5.9	\$5.5	\$7.3
Total Direct Compensation (in million \$)	\$8.1	\$7.6	\$8.1	\$7.9	\$7.7	\$9.3
TSR - Laurentian Bank of Canada	\$100	\$96	\$121	\$88	\$102	\$63
TSR - S&P/TSX Composite Index	\$100	\$113	\$126	\$121	\$137	\$134
Adjusted Net Income (in million \$)	\$172.1	\$187.0	\$230.7	\$241.6	\$193.2	\$138.2
Ratio Total Direct Compensation over Adjusted Net Income	4.7%	4.1%	3.5%	3.3%	4.0%	6.8%

Note 1: 2020 Total Direct Compensation includes six NEOs.

Trend Analysis

During the period covered by the graph, the data shows that the level of Total Direct Compensation received by NEOs remained stable from 2015 to 2019 and increased in 2020 with the addition of a sixth NEO. The ratio of Total Direct Compensation over Adjusted Net Income has increased with the addition of a sixth NEO and the lower adjusted net income due to factors affecting the economic landscape worldwide. Total Direct Compensation, excluding Ms. Llewellyn's sign-on awards, is also highly and positively correlated with the Bank's shareholders' return (correlation = +84%) and with the Bank's adjusted net income (correlation = +70%) because the performance metrics used for the incentive programs are aligned with shareholders' return and the HRCG Committee ensures that compensation and performance are aligned.

Effectiveness of the Compensation Program Over Time

The table below shows the Bank's strong track record of aligning CEO pay with total shareholder return over the long term. The table compares the value as at December 31, 2020 of the direct compensation awarded to the Bank's CEO over the last five fiscal years with the value of annual investments in the Bank's equity over the same time periods. On average, the value of \$100 invested by a shareholder is greater than the value of \$100 awarded to the CEO. The table further indicates that, on

average, the realized and realizable value of \$100 awarded to the CEO since fiscal 2016 stands below the \$100 target as of December 31, 2020.

The current value of the CEO awards as at December 31, 2020 for the fiscal years noted is the sum of:

1. Realized pay received by the CEO, which represents the sum of base salary, paid short-term incentives, paid share units and exercised stock options.
2. Potential realizable pay, which represents the sum of non-vested share units, deferred vested share units and in-the-money value of unexercised stock options.

Year	CEO	Value at December 31, 2020 (in million \$)				Value of \$100		
		Total Direct Compensation Awarded	A Realized Pay	B Realizable Pay	A+B=C Current Value	Period	To CEO (\$)	To Shareholders (\$)
2016	François Desjardins	2.66	1.44	0.57	2.01	10/31/2015 to 12/31/2020	75	76
2017	François Desjardins	2.86	1.22	0.87	2.09	10/31/2016 to 12/31/2020	73	79
2018	François Desjardins	2.94	1.90	—	1.90	10/31/2017 to 12/31/2020	65	63
2019	François Desjardins	2.82	0.96	1.09	2.05	10/31/2018 to 12/31/2020	73	86
2020	François Desjardins	2.20	0.40	0.92	1.32	10/31/2019 to 12/31/2020	60	75
2020	Rania Llewellyn	—	—	—	—	Five-year Average	69	76

Note: Ms. Llewellyn joined the Bank on October 30, 2020. Mr. Desjardins retired from the Bank on June 30, 2020.

Performance and Total Direct Compensation of Named Executive Officers



Rania Llewellyn

President and Chief Executive Officer

With more than 25 years of experience in the banking industry, Ms. Llewellyn previously served as Executive Vice President, Global Business Payments at Scotiabank, where she began her career as a part-time teller. Over the years, she rose through the ranks and held a variety of progressively senior positions such as Vice President, Multicultural Banking; President & CEO of Roynat Capital, a significant subsidiary in commercial lending; Senior Vice President, Commercial Banking, Growth Strategy; and Senior Vice President, Products and Services, Global Transaction Banking. Her focus on improving customer experience, driving growth and shareholder value has earned her recognition and several industry awards.

Ms. Llewellyn joined the Group on October 30, 2020. Her compensation includes a base salary of \$700,000, with a target short-term incentive equivalent to 100% of her base salary. The target long-term incentive will be 200% of her base salary. 70% of aggregate long term compensation is performance-based, awarded in the form of PSUs and 30% stock options. Also, Ms. Llewellyn participates in the Bank's Defined Contribution pension plan.

Ms. Llewellyn received a sign-on award of \$700,000 in cash, \$1,550,000 in Restricted Share Units and \$750,000 in stock options. Over 75% of this special sign-on award is linked to the Bank's share price, aligning Ms. Llewellyn's interests with those of shareholders and focusing on value creation. In attracting Ms. Llewellyn to join the Bank, the Board determined that it was appropriate to provide additional cash and long-term incentive to replace cash compensation forfeited in respect of fiscal 2020, and outstanding long term compensation forfeited as a result of her departure from her prior employer.

As part of the employment agreement, the HRCG Committee took the opportunity to review the severance notice in case of termination for the President and CEO to cap it at twenty-four (24) months. The former President and CEO's severance period was capped at thirty-six (36) months.

Ms. Llewellyn is required to hold five times her base salary in shares or share units to meet her shareholding requirement.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	n/a	2,680	n/a
Short-Term Incentive			
Paid in Cash	n/a	n/a	n/a
Deferred in RSUs	n/a	n/a	n/a
Long-Term Incentive			
Share-Based Awards	n/a	n/a	n/a
Option-Based Awards	n/a	n/a	n/a
Total Direct Compensation	n/a	2,680	n/a

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	5x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	46,800	1,550,000
Vested Performance Share Units	—	—
Vested Restricted Share Units	—	—
Unvested Performance Share Units	—	—
Unvested Restricted Share Units	46,800	1,550,000
Common Shares	—	—
Total of Common Shares and Share Units ⁽²⁾	46,800	1,550,000
Share Ownership (multiple of base salary)	2.21	
Attainment ⁽³⁾	No	

⁽¹⁾ Includes non-vested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program.

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21) and the price on the grant date. Includes Ms. Llewellyn's sign-on grant.

⁽³⁾ Ms. Llewellyn joined the Bank on October 30, 2020.



François Desjardins

Former President and
Chief Executive Officer

François Desjardins was the President and Chief Executive Officer of Laurentian Bank Financial Group from November 2015 to June 2020. After joining the organization in 1991, he held a number of positions throughout his tenure. A seasoned leader, he was appointed President and Chief Executive Officer of B2B Bank in 2004 and Executive Vice President of Laurentian Bank in 2006.

Retirement arrangement for François Desjardins

Mr. Desjardins, retired from the Bank on June 30, after 29 years of dedicated service, including significant contributions during his five years as President and CEO.

As part of his retirement arrangement, Mr. Desjardins received:

- the value of 29 months of base salary (\$1,450,000),
- an additional 29 months of service and age in the pension plan (\$1,267,000) and
- a payment in lieu of 2020 short-term incentive compensation (\$266,301).

Previously granted Performance Share Units will continue to vest during the 12 months following his retirement and will be paid based on actual performance of the Bank at the vesting date. All unvested stock options were forfeited.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	600,000	400,000 ⁽¹⁾	598,361
Short-Term Incentive			
Paid in Cash	300,000	— ⁽²⁾	213,300
Deferred in RSUs	300,000	—	213,300
Long-Term Incentive			
Share-Based Awards	1,260,000	1,260,000	1,260,000
Option-Based Awards	540,000	540,000	540,000
Total Direct Compensation	3,000,000	2,200,000	2,824,961

⁽¹⁾ Base salary until June 30, 2020.

⁽²⁾ As part of his retirement arrangement, Mr. Desjardins received a payment of \$266,301 in lieu of the 2020 short-term incentive.

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	6x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	148,844	7,557,497
Vested Performance Share Units	138,367	6,966,599
Vested Restricted Share Units	10,477	590,898
Unvested Performance Share Units	—	—
Unvested Restricted Share Units	—	—
Common Shares	—	—
Total of Common Shares and Share Units ⁽²⁾	148,844	7,557,497
Share Ownership (multiple of base salary)	12.60	
Attainment	Yes	

⁽¹⁾ Includes non-vested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program.

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21) and the price on the grant date.



François Laurin,

FCPA, FCA, CFA

Executive Vice President,
Finance, Treasury and
Chief Financial Officer

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

2020 Individual Performance Scorecard

The CFO group under Mr. Laurin's leadership managed to deliver on its main objectives through a challenging economic environment.

- Lead the funding plan review with more securitizations than planned along with using some of the facilities offered by the Bank of Canada at the outset of the pandemic with a resulting lower cost of funding and maintain healthy liquidity levels.
- Ensured oversight and compliance of all aspects of financial governance, financial controls and all elements of financial certification.
- Played a key role in ensuring that the Bank's response to the pandemic focused on the financial aspects.
- Maintained strong and active engagement with investors and the investment communities.
- Maintained strong capital level and credit rating level.
- Improved financial planning, forecasting and reporting.

2020 Compensation

Exceptionally in 2020, the HRCG Committee recommended to the Board that, on a discretionary basis, the Performance Factor be set at 30% for all NEOs.

No increase to base salaries and incentive targets for NEOs in 2021. Mr. Laurin will retire on April 6, 2021.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	380,000	380,000	386,251
Short-Term Incentive			
Paid in Cash	152,000	45,600	108,072
Deferred in RSUs	152,000	45,600	108,072
Long-Term Incentive			
Share-Based Awards	414,960	414,960	414,960
Option-Based Awards	177,840	177,840	177,840
Total Direct Compensation	1,276,800	1,064,000	1,195,195

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	2x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	40,299	2,099,254
Vested Performance Share Units	20,685	1,138,018
Vested Restricted Share Units	19,614	961,236
Unvested Performance Share Units	—	—
Unvested Restricted Share Units	—	—
Common Shares	3,884	101,799
Total of Common Shares and Share Units⁽²⁾	44,183	2,201,053
Share Ownership (multiple of base salary)	5.79	
Attainment	Yes	

⁽¹⁾ Includes non-vested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program.

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21) and the price on the grant date.



Deborah Rose

Executive Vice President,
Chief Operating Officer
and Chief Information
Officer

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

2020 Individual Performance Scorecard

The Operations and Technology sectors were significantly impacted by the Pandemic and played a central role in the Bank's response to the myriad operational and technological challenges posed by the Pandemic.

- Led the Bank's Crisis Management Team and its response to the Pandemic with emphasis on client and employee safety as well as delivered technological solutions to transition the majority of team members to a work from home environment.
- Led all aspects of the operations and technology sectors, including strategic direction and planning, organizational structure and succession planning, oversight of work plans, oversight of controls, business continuity and disaster recovery as well as reporting.
- Managed the cyber security plan through the launch of the digital and the increased risks due to the Pandemic.
- Led the Bank's operations and technology efforts to replace its core banking platform.

2020 Compensation

Exceptionally in 2020, the HRCG Committee recommended to the Board that, on a discretionary basis, the Performance Factor be set at 30% for all NEOs.

No increase to base salaries and incentive targets for NEOs in 2021. Ms. Rose will retire on February 12, 2021.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	420,000	420,000	418,852
Short-Term Incentive			
Paid in Cash	168,000	50,400	119,448
Deferred in RSUs	168,000	50,400	119,448
Long-Term Incentive			
Share-Based Awards	458,640	458,640	458,640
Option-Based Awards	196,560	196,560	196,560
Total Direct Compensation	1,411,200	1,176,000	1,312,948

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	2x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	53,891	2,720,106
Vested Performance Share Units	25,856	1,336,677
Vested Restricted Share Units	18,019	818,541
Unvested Performance Share Units	7,444	419,849
Unvested Restricted Share Units	2,572	145,039
Common Shares	2,469	64,709
Total of Common Shares and Share Units ⁽²⁾	56,360	2,784,815
Share Ownership (multiple of base salary)	6.63	
Attainment	Yes	

⁽¹⁾ Includes non-vested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program.

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 [\$26.21] and the price on the grant date.



Stéphane Therrien

Executive Vice President,
Personal & Commercial
Banking

Stéphane Therrien has led the Business Services unit since 2012, the year he joined the organization. In 2015, he was also appointed as head of the Bank's Retail Services. He is responsible for all commercial activities in Canada and United States as well as for the retail branch network in Quebec. In June 2020, he was appointed interim President and Chief Executive Office until October 2020. Mr. Therrien retired on December 31, 2020.

2020 Individual Performance Scorecard

Under Mr. Therrien's leadership, the Personal Banking sector continued its transformation toward the 100% advice business model and the Commercial Banking sector continued to be the growth engine of the Group. In addition to leading the Personal and Commercial Banking sectors throughout the year, Mr. Therrien stepped up in June 2020 to be the interim President and Chief Executive Officer of the Bank. His deep knowledge of the financial sector has enabled the Bank to offer a rapid response to the challenges posed by the pandemic situation while staying the course on its strategic plan.

- Played a key role in ensuring that the Bank's response to the Pandemic has a strong focus on employee safety and providing a safe work environment for on-site employees in the Financial Clinics.
- Commercial Banking continued to be a growing and profitable engine of the Bank.
- The Retail branch network finalized its transition to reach a 100% advice during 2020 and grew its demand deposits by more than 10%.
- As Interim President and Chief Executive Officer, Mr. Therrien worked effectively with the Board of Directors and enhanced Executive Committee oversight through a focused review of line-of-business results, strategy and operational challenges.

2020 Compensation

For his interim President and Chief Executive role, Mr. Therrien received a monthly stipend of \$15,000 per month. In addition, Mr. Therrien was awarded a special Restricted Share Units grant of \$200,000 and a special bonus of \$67,500 for his performance.

Exceptionally in 2020, the HRCG Committee recommended to the Board that, on a discretionary basis, the Performance Factor be set at 30% for all NEOs.

After leading the Bank as interim President and CEO, Mr. Therrien announced his retirement effective December 31, 2020.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	420,000	487,500 ⁽¹⁾	426,907
Short-Term Incentive			
Paid in Cash	168,000	184,500 ⁽²⁾	119,448
Deferred in RSUs	168,000	— ⁽³⁾	119,448
Long-Term Incentive			
Share-Based Awards	458,640	658,640 ⁽⁴⁾	458,640
Option-Based Awards	196,560	196,560	196,560
Total Direct Compensation	1,411,200	1,527,200	1,321,003

⁽¹⁾ Includes a stipend of \$67,500 for his role as Interim President and CEO.

⁽²⁾ Includes a short-term incentive plan payment of \$117,000 and a special bonus for his role as interim President and CEO of \$67,500.

⁽³⁾ As part of his retirement arrangement, the 2020 Short-Term Incentive was paid in cash.

⁽⁴⁾ Includes an award of special Restricted Share Units valued at \$200,000 for his role as Interim President and CEO.

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	2x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	47,718	2,188,024
Vested Performance Share Units	24,361	1,188,425
Vested Restricted Share Units	16,161	799,634
Unvested Performance Share Units	—	—
Unvested Restricted Share Units	7,196	199,966
Common Shares	5,341	139,979
Total of Common Shares and Share Units ⁽²⁾	53,059	2,328,004
Share Ownership (multiple of base salary)	5.54	
Attainment	Yes	

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

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21) and the price on the grant date.



William Mason

Executive Vice President
and Chief Risk Officer

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

2020 Individual Performance Scorecard

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

The Risk Management sector efficiently delivered on key initiatives and overall compliance framework has been strengthened under Mr. Mason's leadership.

- Played a key role in ensuring that the Bank's response to the Pandemic through efficient management of the loan provisions and management of client relief programs.
- Completed validations and implementation of credit models.
- Continued application of sound underwriting practices leading to lower credit losses vs industry.
- Enhanced automated Credit reporting for both Personal and Commercial Banking.
- Created strong awareness of Risk Management behaviors and culture across the Bank.

2020 Compensation

Exceptionally in 2020, the HRCG Committee recommended to the Board that, on a discretionary basis, the Performance Factor be set at 30% for all NEOs.

No increase to base salaries and incentive targets for NEOs in 2021.

2020 Compensation Highlights			
Compensation Elements	2020 Target (\$)	2020 Actual (\$)	2019 Actual (\$)
Base Salary	380,000	380,000	378,963
Short-Term Incentive			
Paid in Cash	152,000	45,600	108,072
Deferred in RSUs	152,000	45,600	108,072
Long-Term Incentive			
Share-Based Awards	414,960	414,960	414,960
Option-Based Awards	177,840	177,840	177,840
Total Direct Compensation	1,276,800	1,064,000	1,187,907

Share Ownership Guidelines		
Share Ownership Requirement (multiple of base salary)	2x	
Components ⁽¹⁾	Ownership (#)	Ownership (\$)
Total Share Units	7,930	341,975
Vested Performance Share Units	—	—
Vested Restricted Share Units	7,930	341,975
Unvested Performance Share Units	—	—
Unvested Restricted Share Units	—	—
Common Shares	7,075	185,429
Total of Common Shares and Share Units ⁽²⁾	15,004	527,404
Share Ownership (multiple of base salary)	1.39	
Attainment ⁽³⁾	No	

⁽¹⁾ Includes non-vested RSUs as well as non-vested PSUs, calculated on the basis of the minimal payment provided by the program.

⁽²⁾ The share ownership level is evaluated based on the higher of the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21) and the price on the grant date.

⁽³⁾ Mr. Mason joined the Bank on June 1, 2018.

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)	Option-Based Awards (\$) (Note 2)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$) (Note 4)	All Other Compensation (\$) (Note 5)	Total Compensation (\$)
					Annual Incentive Plans (Note 3)			
Rania Llewellyn President and Chief Executive Officer (Note 6)	2020	2,680	1,550,000	750,000	—	—	700,000	3,002,680
François Desjardins Former President and Chief Executive Officer (Note 6)	2020	400,000	1,260,000	540,000	—	1,366,000	1,757,995	5,323,995
	2019	598,361	1,260,000	540,000	426,600	209,000	56,928	3,090,889
	2018	594,336	1,485,000	286,641	572,250	611,000	62,665	3,611,892
François Laurin Executive Vice President, Finance, Treasury and Chief Financial Officer	2020	380,000	414,960	177,840	91,200	141,000	42,395	1,247,395
	2019	386,251	414,960	177,840	216,144	105,000	48,702	1,348,897
	2018	349,666	409,200	64,625	336,330	130,000	41,160	1,330,981
Deborah Rose Executive Vice President, Chief Operating Officer and Chief Information Officer	2020	420,000	458,640	196,560	100,800	115,000	37,511	1,328,511
	2019	418,852	458,640	196,560	238,896	98,000	42,897	1,453,845
	2018	407,745	475,200	150,091	448,644	224,000	46,779	1,752,459
Stéphane Therrien Executive Vice President, Personal & Commercial Banking	2020	487,500	658,640	196,560	184,500	119,000	37,194	1,683,394
	2019	426,907	458,640	196,560	238,896	100,000	38,531	1,459,534
	2018	417,882	541,200	170,939	448,644	129,000	40,265	1,747,930
William Mason Executive Vice President and Chief Risk Officer (Note 6)	2020	380,000	414,960	177,840	91,200	133,000	39,359	1,236,359
	2019	378,963	414,960	177,840	216,144	115,000	40,846	1,343,753
	2018	141,079	—	—	121,086	44,000	14,425	320,590

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

- Restricted Share Units (RSUs) granted under the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Only amounts corresponding to the employer share are included in this column; amounts corresponding to the employee share appear in the "Annual Incentive Plans" column (see Note 3 below). Under the RSU program, the NEOs must convert 50% of their annual STI award into RSUs. The employer contribution of 30% of the annual STI award, which was also converted into RSUs, is discontinued (last match was in December 2017). RSUs are part of executive compensation for 2020, 2019 and 2018, as the case may be, but were granted after the fiscal year-end.
- Performance Share Units (PSUs) are granted under the *Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the program, PSUs are granted based on a percentage of the annual base salary of the Named Executive Officer.

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

A sign-on RSU grant of \$1,550,000 was given to Ms. Llewellyn. The RSUs were granted once the blackout was lifted after her date of hire. The vesting schedule of the RSU grant is 1/3 per year on the first three anniversaries of the grant.

An additional \$200,000 was granted in RSUs for Mr. Therrien upon his acceptance of the interim President and Chief Executive Officer role.

Note 2: The amounts for each named executive officer represent awards made under the Stock Option Plan using the Black-Scholes model to value stock option awards for compensation purposes. For fiscal 2020, the estimated compensation value was 12.1% of the grant price (\$43.68), using an expected 8 year term, a dividend yield of 5.00% and a volatility of 18.5%.

A sign-on stock options grant of \$750,000 was given to Ms. Llewellyn. The stock options were granted once the blackout was lifted after her date of hire. The grant follows the rules and vesting schedule of the 2019 Stock Options Plan for the Executives of the Laurentian Bank of Canada and its Subsidiaries. For this sign-on grant, the estimated compensation value was 14.7% of the grant price (\$33.13), using an expected 8 year term, a dividend yield of 5.40% and a volatility of 24.0%.

Note 3: Amounts of the annual STI awards paid under the Bank's Short-Term Incentive plan. 50% of this annual STI award must be converted into RSUs (see Note 1 above). These amounts were earned in 2020, 2019 and 2018, as the case may be, but paid after the fiscal year-end. Mr. Therrien received a special bonus of \$67,500 for his role as Interim President and Chief Executive Officer.

Note 4: Amounts corresponding to compensatory changes, including annual cost of retirement benefits and effect of changes of base salary, plan changes or grants of years of credited service, as detailed in the "Defined Benefit Plans Table" and in the "Defined Contribution Plans Table". For Mr. Desjardins, the 2020 amount includes the value of \$1,267,000 for his 29 months of additional service credits and additional age in the Bank's DB plans as per his retirement arrangement.

Note 5: Ms. Llewellyn received a sign-on bonus of \$700,000. Mr. Desjardins received a retirement package of \$1,716,301.

Note 6: Ms. Llewellyn joined the Bank on October 30, 2020. Mr. Desjardins retired from the Bank on June 30, 2020. Mr. Mason joined the Bank on June 1, 2018.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following table sets forth the option-based awards outstanding for each NEO at the end of the last fiscal year, October 31, 2020, including awards granted prior to the last completed fiscal year.

	Option-Based Awards				
	Option Grant Date	Securities Underlying Unexercised Options (#)	Option Exercise Price (\$) (Note 1)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) (Note 2)
Rania Llewellyn	2020-10-30	154,004	33.13	2030-10-30	0
François Laurin	2018-10-30	12,012	38.97	2028-10-31	0
	2018-12-04	33,056	38.97	2028-12-04	0
	2019-12-13	33,746	43.68	2029-12-13	0
Deborah Rose	2018-10-30	27,898	38.97	2028-10-31	0
	2018-12-04	36,535	38.97	2028-12-04	0
	2019-12-13	37,298	43.68	2029-12-13	0
Stéphane Therrien	2018-10-30	31,773	38.97	2028-10-31	0
	2018-12-04	36,535	38.97	2028-12-04	0
	2019-12-13	37,298	43.68	2029-12-13	0
William Mason	2018-12-04	33,056	38.97	2028-12-04	0
	2019-12-13	33,746	43.68	2029-12-13	0

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

Note 2: The value of unexercised in-the-money options equals the difference between the grant price of the options and the closing price of the Bank's common shares on the TSX on October 31, 2020 (\$26.21). This includes options that have not yet vested or cannot be exercised because they are subject to price condition hurdles that have not been reached.

Outstanding Share-Based Awards

The following table sets forth the share-based awards outstanding for each NEO at the end of the last fiscal year, October 31, 2020, including awards granted prior to the last completed fiscal year.

	Share-Based Awards (Note 1)		
	Shares or Units of Shares not Vested (#)	Market or Payout Value of Share-Based Awards not Vested (\$) (Note 2)	Market or Payout Value of Vested Share-Based Awards (Not Paid Out or Distributed) (\$) (Note 2)
Rania Llewellyn	46,800	1,226,615	0
François Desjardins	0	0	3,901,206
François Laurin	0	0	1,020,143
Deborah Rose	35,595	262,512	1,110,080
Stéphane Therrien	7,196	188,597	1,062,099
William Mason	20,898	0	171,746

Note 1: RSU and PSU awards including dividend equivalents. For Mr. Desjardins, the value of the shares units that vested during the year includes the 2018 and 2019 PSUs grants. The value of these grants is calculated on the basis of the minimal payment provided by the program.

Note 2: Value based on the closing price of the Bank's common shares on the Toronto Stock Exchange on October 31, 2020 (\$26.21).

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 NEO vested during the fiscal year, as well as the amount of the annual bonuses earned during the fiscal year.

Name	Option-Based Awards - Value Vested During the Year (\$) (Note 1)	Share-Based Awards - Value Vested During the Year (\$) (Note 2)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$) (Note 3)
Rania Llewellyn	0	0	0
François Desjardins	0	900,591	0
François Laurin	0	271,897	91,200
Deborah Rose	0	306,140	100,800
Stéphane Therrien	0	331,721	184,500
William Mason	0	0	91,200

Note 1: The value of the stock options that vested during the fiscal year is based on the difference between the grant price of the options (\$38.97) and the closing share price on the TSX on the vesting date (\$26.21).

Note 2: These amounts represent the aggregate value realized upon vesting of RSUs (employer share only) and PSUs on the vesting date occurring during the fiscal year. The employee share of RSUs vests at the date of the award. During the fiscal year, the RSUs (employer share) and PSUs granted in December 2017 became vested. The value is based on a \$33.12 share price. For Mr. Desjardins, the value of the shares units that vested during the year includes the 2018 and 2019 PSUs grants. The value of these grants is calculated on the basis of the minimal payment provided by the program.

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

PENSION PLAN BENEFITS

Defined Benefit Plans Table

The table below sets out the years of participation in the plans as at October 31, 2020 for each Named Executive Officer, annual benefits payable, and changes in the present value of defined benefit obligations from October 31, 2019 to October 31, 2020, including compensatory and non-compensatory changes concerning their participation in the plans for fiscal year 2020.

Name	Number of Years of Credited Service (#)		Annual Benefits Payable (\$)		Opening Present Value of Defined Benefit Obligation (\$) (Note 3)	Compensatory Change (\$) (Note 4)	Non-Compensatory Change (\$) (Note 5)	Closing Present Value of Defined Benefit Obligation (\$) (Note 3)
	Officers' Plan	Suppl. Plan	At Year-End (Note 1)	At Age 65 (Note 2)				
François Desjardins	24.5	31.5	283,000	—	5,966,000	1,366,000	-883,000	6,449,000
François Laurin	5.2	5.2	36,000	66,000	538,000	141,000	30,000	709,000
Deborah Rose	9.0	9.0	70,000	159,000	1,238,000	115,000	129,000	1,482,000
Stéphane Therrien	8.8	8.8	72,000	144,000	1,178,000	119,000	110,000	1,407,000
William Mason	2.4	2.4	18,000	75,000	187,000	133,000	28,000	348,000

Note 1: These amounts represent deferred payments accumulated as at October 31, 2020 and payable under the plans assuming retirement at age 60. Mr. Desjardins end of employment was on June 30, 2020 and is eligible for an annual deferred life annuity of \$283,000 payable as of January 1, 2022.

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

Note 3: The present value of the defined benefit obligation represents the actualized value of the retirement benefit for the years of participation as at October 31, 2019 or October 31, 2020, as the case may be. This value was calculated using the same assumptions as for the Bank's financial statements, using a discount rate of 3.01% and 2.71% for the fiscal years ending October 31, 2019 and October 31, 2020 respectively. Furthermore, a compensation increase rate of 2.75% was used for the fiscal years ending October 31, 2019 and 2020. The assumptions used are outlined in Note 19 to the Consolidated Financial Statements found in the Annual Report.

Note 4: The variation attributable to compensation elements include the annual cost of retirement benefits and the effect of changes of base salary, plan changes or grants of years of credited service. The amount appearing in this column may also be found in the "Pension Value" column of the "Summary Compensation Table" above. At retirement, according to his Employment Agreement, Mr. Desjardins was provided with the equivalent of 29 months of additional service credits and additional age in the Bank's DB plans, valued at \$1,267,000.

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

Defined Contribution Plans Table

The table below sets out the accumulated value in the plans as at October 31, 2020 for each Named Executive Officer, including compensatory changes concerning their participation in the plans for fiscal year 2020.

Name	Accumulated value at start of year (\$)	Compensatory (\$) (Note 1)	Accumulated value as of October 31, 2020 (\$)
Rania Llewellyn	0	0	0

Note 1: Compensatory change represents the employer contribution to the DC plans on behalf of the named executive officers.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Conditions applicable in Case of Termination and Change of Control

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

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

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

The table below sets out additional amounts that would have been payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2020.

Name	Compensation Components	Termination without Cause (\$)	Termination in the Year Following a Change of Control (\$) (Note 4)
Rania Llewellyn	Base salary	1,400,000	1,400,000
	Short-term incentive compensation	1,400,000	1,400,000
	RSU and PSU (Note 1)	4,107	1,226,615
	Stock Options	0	0
	Pension plans (note 2)	0	350,000
	Benefit plans and perquisites	5,008	5,008
	Total	2,809,115	4,381,623
François Laurin (Note 5)	Base salary	380,000	570,000
	Short-term incentive compensation	0	321,837
	RSU and PSU (Note 1)	0	0
	Stock Options	0	0
	Pension plans (Note 3)	0	267,000
	Benefit plans and perquisites	5,008	83,012
	Total	385,008	1,241,849
Deborah Rose (Note 6)	Base salary	420,000	630,000
	Short-term incentive compensation	0	394,170
	RSU and PSU (Note 1)	638,813	932,943
	Stock Options	0	0
	Pension plans (Note 3)	0	0
	Benefit plans and perquisites	5,008	87,012
	Total	1,063,821	2,044,125
Stéphane Therrien (Note 7)	Base salary	420,000	630,000
	Short-term incentive compensation	0	436,020
	RSU and PSU (Note 1)	8,587	188,597
	Stock Options	0	0
	Pension plans (Note 3)	0	102,000
	Benefit plans and perquisites	3,628	84,942
	Total	432,215	1,441,559
William Mason	Base salary	380,000	570,000
	Short-term incentive compensation	0	214,215
	RSU and PSU (Note 1)	281,619	547,737
	Stock Options	0	0
	Pension plans (Note 3)	0	199,000
	Benefit plans and perquisites	5,008	83,012
	Total	666,627	1,613,964

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

Note 2: Amount of retirement benefits. In the columns "Termination without Cause" and "Termination in the Year Following a Change of Control", represent the additional value compared with the value presented in the column "Accumulated Value" in the "Defined Contribution Plans Table", assuming a termination on October 31, 2020.

Note 3: Amounts of retirement benefits. In the columns "Termination without Cause" and "Termination in the Year Following a Change of Control", represent the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table", assuming a termination on October 31, 2020.

Note 4: Named Executive Officers must respect their non-solicitation obligations upon termination.

Note 5: Mr. Laurin announced his retirement for April 6, 2021

Note 6: Ms. Rose will retire on February 12, 2021.

Note 7: Mr. Therrien retired on December 31, 2020. As part of his arrangement following completion of his term as interim President and CEO role, the Bank paid 12 months of additional base salary, representing \$420,000 and added 12 months of credited service in the pension plan.

OUR APPROACH TO GOVERNANCE

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

2020 was a year of disruption for the Bank, both in terms of the rapidly evolving challenges of the COVID-19 pandemic, and also the Bank's renewed leadership and evolving strategic direction. In supporting Management, the HRCG Committee oversaw various initiatives to ensure the Bank would continue to operate in a safe and effective manner. Key governance highlights and initiatives for the 2020 year are described in the HRCG Committee Report, below, and include the following:

- **COVID-19 Response** - Since the outset of the COVID-19 pandemic, the Board has prioritized the health, safety and well-being of employees, customers and the communities in which they live and work. During the year, the Board held four (4) *ad hoc* meetings dedicated to COVID-19 pandemic response, and received regular reports from Management, to monitor and oversee the Bank's pandemic response and to ensure our business would continue to operate in a safe and effective manner;
- **Management Succession** - The HRCG Committee formed a special committee and engaged an executive search firm to consider internal and external candidates for the appointment of a new president and CEO. Additional details regarding the robust recruitment process are described below under the heading, "*Succession Planning*";
- **Board Renewal** - The Board welcomed one new independent director appointed in 2020, being Mr. Nicholas Zelenczuk and one (1) new independent nominee to the Board, being Ms. Suzanne Gouin to diversify and complement the existing Board profile. 72% of the independent nominees for election were appointed over the last five years;
- **Shareholder Engagement** - During the past year, engagement has been a priority for the Board. The Chairs of the Board, and HRCG Committee held a number of engagement meetings to gain feedback from shareholders and other stakeholders on the Bank's practices and evolving issues including executive compensation, environment, social and governance matters and cybersecurity;
- **Diversity** - The Bank continued its long-standing support for diversity in 2020 with the signing of the BlackNorth Pledge against systemic racism, an initiative the Board fully supports. In addition, the Bank welcomed a new president, CEO and board member, Rania Llewellyn, who is the first female CEO of a major bank in Canada. If elected at the meeting, 55% of the Bank's directors will be women. In addition, 18% of our director nominees identify as visible minorities; and
- **Environmental, Social and Governance ("ESG") Initiatives** - We understand that ESG initiatives are interconnected with our business performance and are relevant to our diverse stakeholders. Accordingly, the ongoing integration of ESG factors into strategic, risk management and other practices is an important area of focus for the Bank. Key developments in this area are described in our Social Responsibility Report, available on our website, and below under the heading "*Corporate Social Responsibility and Sustainability*."

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

ABOUT OUR BOARD

Role of the Board

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

membership on other boards. The Board Governance Policy provides shareholders and other stakeholders with a clear vision of the Board's governance policies and practices and can be found on our website. In addition, a copy of the Board Mandate is attached as Schedule "C" to this Circular.

Composition of the Board

The number of nominees proposed for election at the Meeting has been set at eleven (11) which reflects the addition of one (1) new independent member of the Board appointed earlier in 2020, being Mr. Nicholas Zelenczuk, our new President and Chief Executive Officer, Ms. Rania Llewellyn, who was appointed to the Board on October 30, 2020 and one (1) new independent nominee to the Board, being Ms. Suzanne Gouin. These additions bring additional expertise to the Board that supports succession planning and will allow for an orderly transition of responsibilities as appropriate. During the year, the Board also completed the integration of two (2) new board members, added in 2019, and bid farewell to long-standing director, Lise Bastarache, after 15 years of service.

Key Position Descriptions

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

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

Director Independence

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

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

Of the eleven (11) directors nominated for election, the Board has determined that ten (10) directors are independent, as that term is defined in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). NI 52-110 defines an "independent director" as a director who has no direct or indirect material relationship with the Bank. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of such member's independent judgment, and certain relationships are deemed to be material. The Board has determined that all the directors are independent, other than Ms. Llewellyn, who serves as the President and Chief Executive Officer of the Bank.

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

Outside Board Memberships and Board Interlocks

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

Conflicts of Interest

The Bank conducts a background and reference check for all director nominees. It does so before they are elected and at least every five years thereafter in accordance with guidelines issued by OSFI. On an annual basis, directors agree, in writing, to comply with the Bank's conflict of interest standards. They must avoid all real, potential or apparent conflict of interest situations with the Bank. Where conflicts of interest arise, directors must, as soon as possible and in accordance with applicable legislation, disclose the nature and extent of the conflict in writing or by requesting to have it entered in the minutes of the meeting. They are required to recuse themselves from any discussions and refrain from voting on the matter relating to the conflict, barring certain exceptions provided for by applicable legislation. To ensure full disclosure, the Corporate Secretariat regularly receives confirmation from the directors as to whether or not any conflicts of interest exist.

For additional details, please see the section entitled "*Conduct and Culture*", below.

Our Commitment to Diversity

The Bank plays a leadership role among corporate Canada with respect to advancing diversity. It was the first institution of its kind in Canada to name a woman as Chairperson in 1997, and subsequently, Ms. Isabelle Courville served as Chair of the Board from 2013 - 2019. During the year, the Bank welcomed a new president, CEO and board member, Rania Llewellyn, who is the first woman to serve as CEO of a major Bank in Canada. Currently, there are six (6) nominees for election to the Board who are women, representing 55% of the Board, and two (2) of the three (3) Board committees are chaired by women. In addition, there are two (2) directors, representing 18% of the Board, who identify as members of visible minorities.

The Bank recognizes and embraces the benefits of having a diverse Board and sees diversity at the Board level as an essential element in maintaining a competitive advantage. The Board Diversity Policy articulates the Board's commitment to diversity and provides that, in the context of nomination process, the HRCG Committee will consider the merit of potential candidates based on a balance of skills, abilities, personal qualities, and professional experience, and including diversity considerations such as gender, race, skills and regional and industry experience. During the recruitment process for Board members and senior executives, external search consultants are instructed to identify candidates that reflect the Board's diversity criteria, including those pertaining to gender diversity, visible minorities, geographic distribution and other parameters. On an annual basis, the HRCG Committee reviews the size and composition of the Board to identify imbalances or gaps, as well as opportunities that are associated with further diversification.

The Board's approach recognizes the need for diversity of experiences, perspectives and backgrounds to enhance decision making, reflect the Bank's diverse customer and stakeholder base and deliver the required knowledge and expertise to provide guidance on the Bank's strategic objectives. This includes ensuring the board has appropriate representation of directors with knowledge and expertise in the area of diversity. Additional details regarding each of our nominees is included in the biographies in Part C - *Director Nominees*, and under the heading "*Competencies and Expertise of Board Members*", below.

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

Employee Diversity

The Board and Management believe that diversity and inclusion efforts contribute to a culture of performance and enhance decision making at all levels of the organization. In furtherance of our commitment to diversity, the Bank became a signatory to the BlackNorth Initiative during the year. Beginning in 2021, the diversity of our workforce will be included in the performance objectives of the Bank's leaders to ensure that diversity is prioritized. In addition, diversity training will be offered for employees at all levels of the organization.

In overseeing diversity, the HRCG Committee receives regular reports from Management regarding the diversity of the Bank's employees. In addition, during the recruitment process for senior executives, external search consultants are instructed to identify candidates that reflect the Bank's diversity criteria, including those pertaining to gender diversity, visible minorities, geographic distribution and other parameters.

In its recruiting and staffing efforts, the Bank seeks out diversity of gender, background, experience and perspective in order to foster diversity of thought and to build diverse teams. Among the Bank and its subsidiaries 55% of team members and 46% of leadership members are women. Among the Bank's officers 21 of 62 are women representing 34% of our management team. Although the Bank has not adopted a formal target regarding employee diversity, the Bank monitors the diversity of its workforce on an ongoing basis and when the time comes to select a candidate for a new position or as a replacement, the Bank considers the benefit of diversity in its selection criteria.

Competencies and Expertise of Board Members

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

The Board succession planning and renewal efforts also involve the maintenance of a skills matrix which helps the HRCG Committee and Board to identify gaps in skills and competencies to fulfill the Bank's needs. The skills matrix is reviewed and updated on an annual basis based on a self-assessment whereby each director and nominee is asked to rate their experience and background across a range of key skills and competencies. This data is compiled into the matrix and reviewed by the HRCG Committee. All directors have experience and expertise in the areas "Leadership" and "Strategy" as described below. As a result, the following chart identifies the top five additional key areas of expertise and experience for each director nominee.

	Sonia Baxendale	Andrea Bolger	Michael T. Boychuk	Suzanne Gouin	Rania Llewellyn	David Morris	David Mowat	Michael Mueller	Michelle R. Savoy	Susan Wolburgh Jenah	Nicholas Zelenczuk
Leadership Experience as a senior executive of a public-company or an organization of significant size or complexity	•	•	•	•	•	•	•	•	•	•	•
Strategy Expertise in developing, implementing and delivering strategic business objectives within a public-company or an organization of significant size or complexity	•	•	•	•	•	•	•	•	•	•	•
Environmental, Social & Governance Expertise relating to corporate responsibility, governance or sustainability principles and practices relevant to public-company or an organization of significant size or complexity	•		•	•				•		•	
Accounting & Finance Knowledge of and familiarity with financial accounting and reporting, corporate finance and internal controls as well as Canadian Generally Accepted Accounting Principles and/or International Financial Reporting Standards			•		•	•	•	•	•		•
Risk Management Expertise in identifying, assessing and managing financial and non-financial risks	•	•	•	•	•	•		•	•	•	•
Human Resources & Compensation Expertise with workplace culture, talent management and succession planning matters as well as benefit, pension and compensation programs	•	•		•	•		•	•	•	•	
Information Technology & Digital Strategy Expertise with digital transformation and distribution channels, data management and/or cyber security expertise		•		•	•	•	•				•
Legal & Regulatory Senior legal, regulatory and/or compliance expertise gained either in private practice or within a public-company or organization of significant size and complexity			•			•				•	•
Financial Services Experience in an executive or senior management role within the financial services industry	•	•	•		•	•	•	•	•	•	•
Retail & Consumer Experience in an executive or senior management role with direct control and responsibility for marketing, customer service or distribution	•	•		•			•		•		

Annual Evaluation

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

The HRCG Committee also engaged Hexarem, an independent consultant, to assist it in the review and evaluation of the results of its 2020 self-assessment questionnaires and to compile and report on the results to the HRCG Committee.

Orientation and Ongoing Training

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

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

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

During regularly scheduled meetings throughout the year, directors receive various presentations to enhance their understanding of key aspects of our business as well as risks and opportunities affecting the industry. Although a dedicated training session was not held in 2020 due to the COVID-19 pandemic, during the year, all members of the Board participated in the following virtual training sessions offered by the Bank:

- On October 31, 2019, training entitled Unintentional Insider Threat;
- On May 29, 2020, training entitled Security Beyond the Office;
- On September 30, 2020, training on Anti-Money Laundering/Anti-Terrorist Financing and Sanctions Training;
- On April 10, 2020, training entitled Beyond Passwords; and
- On October 30, 2020, training entitled Insider Threat Overview.

Directors are encouraged to participate in relevant courses, seminars and other continuing education programs offered by external providers including the Institute of Corporate Directors (the "ICD") and the Global Risk Institute ("GRI"). The Bank and all of its directors are members of the ICD and the Bank pays the cost of this subscription. During the year, directors participated in continuing education activities offered by the ICD, GRI and other organizations, on topics such as strategy, governance, COVID-19, climate risk and other matters.

SERVING AS A DIRECTOR

Composition of the Board and Selection of Director Nominees

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

Individual Elections and Majority Voting Policy

Voting for the election of the directors is conducted on an individual, and not slate, basis. The Bank has adopted a Majority Voting Policy for the election of directors. Accordingly, if a director standing for election or re-election in an uncontested election does not receive the vote of at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the

director will promptly tender his or her resignation to the Board. Within 90 days after the election results, the Board will decide whether to accept or reject the resignation and the Board's decision will be publicly disclosed.

Nomination by Shareholders

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

Director Tenure

The Board has adopted, as a component of the Board Governance Policy, a tenure policy that provides guidelines with respect to director tenure but does not formally prescribe the age of retirement. Instead, the Board prefers an approach based on skills and experience in consideration of the organization's needs, the contribution of each director and the Board's evaluation process. The Board Governance Policy provides that the tenure of directors is generally between ten (10) and fifteen (15) years. The tenure of a Board or committee Chair, in such role, should generally be between five (5) and eight (8) years. The Board may propose longer tenures in certain circumstances, including a director's recent nomination as Board or committee Chair, or his/her expertise or experience on a topic relevant to the Bank. The presence of more experienced directors and their related expertise on the Board adds value that benefits both the Bank and its shareholders. The HRCG Committee reviews annually the number of directors on the Board and the duration of their mandates. Twelve new independent members have been appointed to the Board in the past 11 years, demonstrating that the Bank's preferred approach to Board onboarding and succession is both effective and successful.

The tenure of directors standing for election at the 2021 Meeting can be summarized as follows:



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

Succession Planning

In 2020, the HRCG Committee formed a special committee (the "**Special Committee**") and engaged an executive search firm to consider internal and external candidates for the appointment of a new president and CEO. In selecting a successor, the Special Committee sought a candidate with strategic leadership experience gained in the financial services sector; demonstrated ability in talent management and experience working effectively with directors and other key stakeholders. In addition, the Special Committee sought candidates reflecting the Bank's diversity criteria, including those pertaining to gender diversity, visible minorities, geographic distribution and other parameters. Following the rigorous search process, the Board is confident that Ms. Llewellyn is the change agent this Bank needs to establish a foundation for future growth and success. In addition, we are proud to have the first woman CEO in the history of major Canadian chartered banks.

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

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

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

In 2020, the Board also focused on Board succession planning as a component of its Board renewal initiatives. See “*Composition of the Board and Selection of Director Nominees*” above. For certain key roles the Board may form a special committee to conduct recruitment efforts. In 2018, a special committee was constituted to oversee the appointment of the independent Chair of the Board.

Director Attendance

Board members are expected to attend all board meetings and meetings of committees of the Board on which they serve. The attendance record of each of the director for the 2020 fiscal year is presented in Part C - *Director Nominees* of this Circular. The Board held seven (7) regular meetings and ten (10) special meetings during the 2020 fiscal year. During each of regular meeting, the directors met in the absence of management.

Compensation

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

ENGAGING WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

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

Feedback from institutional shareholders comes from one-on-one or group meetings, and by email or telephone from retail shareholders, in addition to regular informal interactions on specific questions between our Investor Relations Department and shareholders. During the past year, engagement has been a priority for the Board. The chairs of the Board and HRCG Committee held a number of shareholder engagement meetings to gain feedback from shareholders on the Bank’s governance practices and ways to improve them. Our outreach initiatives helped us to understand common areas of concern, the majority of which have been addressed through enhanced disclosure. In particular, we have provided improved transparency and additional information with respect to our short-term and long-term incentives, as set out in Part E - *Executive Compensation* of this Circular.

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

Disclosure Policy

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

CONDUCT AND CULTURE

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

While individual Environmental, Social and Governance ("ESG") factors influence the work of each of the Board's committees, ultimate accountability for ESG strategy resides with the full Board and will be codified in our mandate in 2021. We understand that ESG initiatives are interconnected with our business performance and are relevant to our diverse stakeholders. In particular, the Bank is committed to enhancing its approach with respect to management and disclosure of climate-related risks and opportunities. Accordingly, we continue to work with external consultants to develop a sustainability program, commensurate with our size and resources, which will include a road map leading to the eventual adoption of the recommendations of the Financial Stability Board's Task-Force on Climate-related Financial Disclosures (TCFD).

Director Expertise

A number of our directors have occupied, or presently occupy, positions within governmental, para-governmental and commercial organizations or have other relevant experience that enables them to evaluate and discern issues related to corporate social responsibility, sustainability and ESG issues. Environmental, Social and Governance expertise has been included in our matrix of competencies and expertise to ensure that this area is properly accounted for amongst current and prospective directors.

Refer to the biographies in Part C - *Director Nominees*, and the matrix under the heading "*Competencies and Expertise of Board Members*", above.

Bank's Social Responsibility Report

The Bank has been producing a Social Responsibility Report annually since 2007. The report provides an overview of the organization's practices with respect to ESG matters, including those relating to governance, ethical and responsible business conduct, employee development and engagement, community involvement and environmental sustainability. In line with its commitment to environmental protection, the Social Responsibility Report is available in electronic format on the Bank's website.

ADDITIONAL INFORMATION

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

BOARD COMMITTEES

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

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

Committee Members

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

Name	Independent	Human Resources and Corporate Governance	Audit	Risk Management
Lise Bastarache*	Yes		√	√
Sonia Baxendale	Yes	√		Chair
Andrea Bolger	Yes	√		√
Michael T. Boychuk	Yes		Chair	√
Rania Llewellyn	No			
David Morris	Yes		√	
David Mowat	Yes	√		
Michael Mueller	Yes			
Michelle R. Savoy	Yes	Chair		
Susan Wolburgh Jenah	Yes	√	√	
Nicholas Zelenczuk	Yes		√	√

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

Audit Committee

The Audit Committee is comprised of five (5) independent directors and is mandated to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting. Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110. An individual is financially literate if he or she is able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements. As set out in the Audit Committee mandate, the Audit Committee is responsible for overseeing, among other matters, the work of the Bank's internal and external auditor, the integrity of the Bank's financial statements and financial reporting process, the qualifications and independence of the external auditor and the work of the Bank's financial management and external auditor in these areas. The Audit Committee reviews and recommends to the Board for approval, the Bank's annual and interim consolidated financial statements and related management's discussion and analysis and selected disclosure documents, including information pertaining to the Audit Committee contained in the Bank's annual information form and any other financial information required by regulatory authorities, in each case, before they are released to the public or filed with the appropriate regulators. The Audit Committee reviews its charter at least annually and recommends changes to the Board with respect to its charter, as necessary. In addition, in accordance with NI 52-110, the Audit Committee ensures that there are procedures in place for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In this regard, the Bank has established a Whistleblower Policy outlining such confidential reporting process.

See below for a summary of Audit Committee activities in 2020.

Human Resources and Corporate Governance Committee

The HRCG Committee is comprised of five (5) members, each of whom is an independent director. The HRCG Committee is responsible for developing the Bank's approach to corporate governance issues and is charged with enhancing the Bank's governance through an ongoing assessment of the Bank's approach to corporate governance. As well, the HRCG Committee oversees the administration of the Bank's equity compensation plans, assists in the discharge of the Board's responsibilities relating to the compensation of certain of the Bank's executives, reviews and makes recommendations on director and executive compensation, including the compensation package of the chief executive officer, and is responsible for approving the Bank's report on executive compensation, as required by applicable securities laws. The mandate of the HRCG Committee also includes reviewing the size and overall composition of the Board with a view to assisting the Board in determining whether it is appropriate to undertake a program to increase or decrease the number of directors of the Bank, reviewing proposed new nominees to the Board and reviewing and assessing, on a periodic basis, the performance and contribution of the directors of the Bank. In fulfilling its responsibilities, the HRCG Committee has the authority to retain a compensation consultant for assistance, if required, in the evaluation of employee, officer and director compensation.

See below for a summary of HRGC Committee activities in 2020.

Risk Management Committee

The Risk Management Committee is comprised of five (5) independent directors and is mandated to assist the Board in fulfilling its oversight responsibilities with respect to risk management. In fulfilling its mandate, the Risk Management Committee is responsible for identifying the Bank's principal risks and ensuring the implementation of systems capable of managing them appropriately. It approves material frameworks, plans and policies and ensures the integrity and effectiveness of internal controls and systems. In particular, the Risk Management Committee oversees regulatory risk management and ensures the Bank's Management has established appropriate mechanisms for compliance with various laws and regulations including requirements under the *Bank Act* (Canada). In addition, the Risk Management Committee approves the Bank's Risk Appetite and Risk Management Framework and oversees the Bank's risk-taking activities and performance against its established risk appetite. As part of its oversight of enterprise-wide risk, the Risk Management Committee is also responsible for overseeing the identification of new and emerging risks including those associated with environmental and social issues. In addition, the Risk Management Committee is responsible for oversight of transactions with related parties, which refers to transactions between the Bank and its directors and senior officers as defined under the *Bank Act* (Canada). The Risk Management Committee has established procedures to ensure that the any related party transactions are conducted under terms and conditions that are at least as favourable to the Bank as market terms and conditions and otherwise carried out in accordance with requirements under the *Bank Act*.

See below for a summary of Risk Management Committee activities in 2020.

Committee Reports

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

Report of the Human Resources and Corporate Governance Committee	
Members as at the date of Circular	Michelle R. Savoy, Chair Sonia Baxendale Andrea Bolger David Mowat Susan Wolburgh Jenah
Independence	➤ The Committee is composed entirely of independent directors.
Mandate Review	➤ The Human Resources and Corporate Governance Committee is responsible for overseeing our human resources and compensation program and practices (total rewards including salary, incentive plans, pension plans and benefits and our executive compensation program specifically), leadership succession and the performance management of the executive team. It also serves as our nominating committee and oversees our Board assessment process. It informs the Board on our approach to shareholder engagement and reviews how we may enhance our governance standards, consistent with changing regulations and emerging best practices.
<p>The members of the Committee met on a quarterly basis with the officers charged with oversight functions (President and Chief Executive Officer, and Senior Vice President, Human Resources) to discuss all aspects of their respective mandates and related issues. The members of the Committee also met privately in the absence of management at each meeting.</p>	
<p>The main accomplishments of the Human Resources and Corporate Governance Committee (the "Committee") during the most recently completed fiscal year are as follows:</p>	
Human Resources	<ul style="list-style-type: none"> ➤ Received regular reports on the health and safety of employees, and the measures implemented by Management in connection with the COVID-19 pandemic to protect and monitor employee physical health, mental health and well being and accommodate and support employees in the transition to the work from home environment. ➤ Reviewed and approved the Bank's Compensation Policy, executive compensation practices and program design to continue to retain and attract talent, the main provisions of which are presented in Part E - <i>Executive Compensation</i> of this Circular. ➤ Reviewed and determined, in conjunction with the Risk Management Committee, that the Bank's current compensation programs continue to be aligned with the Bank's Risk Appetite Framework, the Financial Stability Board's Principles for Sound Compensation Practices, and OSFI's requirements. ➤ Reviewed and recommended changes to the organizational structure of the Bank to the Board for approval. ➤ Reviewed and approved the mandates for key executive roles including control function heads. ➤ Reviewed the compensation of each member of Executive Management, received the reports of an independent compensation consultant to the Committee, and made recommendations to the Board for approval. ➤ Reviewed annual performance information and reported to the Board its conclusions on variable pay compensation for Executive Management, including individual performance and retention awards. A detailed report on these subjects can be found in Part E - <i>Executive Compensation</i> of this Circular. ➤ Reviewed and made recommendations to the Board for approval of the short term incentive awards in respect of fiscal 2020, including the exercise of Board discretion where the minimum performance threshold was not met, and in making such awards, adopted an inverse sliding scale multiplier to properly reflect the relative ability of team members to impact the achievement of the performance threshold, as described in greater detail in Part E - <i>Executive Compensation</i> of this Circular. ➤ Reviewed and made recommendations to the Board for approval of long term incentive awards, including option and restricted share units pursuant to the Bank's long term incentive plans. ➤ Administered and reviewed the Bank's pension plans, including performance of such plans, and made recommendations to the Board for approval in relation to the operation of such plans. ➤ Monitored the labour relations environment of the Bank. ➤ Approved the employee salary budget for 2021. ➤ Reviewed together with the Board the talent management report and succession plan. ➤ Recommended enhancements to the Bank's disclosure in the Part E - <i>Executive Compensation</i> of this Circular in accordance with the industry and corporate governance best practices.
Pension Plan	<ul style="list-style-type: none"> ➤ Administered and reviewed the Bank's pension plans, including performance of such plans, and made recommendations to the Board for approval of the closure of the defined benefit plan for new employees and the adoption of the defined contribution plan.
Corporate Governance	<ul style="list-style-type: none"> ➤ The Chair met with shareholders, shareholder advocacy groups and advisors to discuss the Bank's compensation program and practices. The Committee received reports on shareholder engagement activities and outreach. ➤ Reviewed the compliance reports on background checks on directors and senior management, as required by OSFI's E-17 Guideline. ➤ Oversaw the Board self-assessment process administered by an external advisor, to evaluate effectiveness of the Board of Directors, the committees and their members. Further information on this process can be found under "Annual Evaluation" in Part F - <i>Corporate Governance</i> of this Circular. ➤ Monitored the preparation of this Circular. ➤ Received updates on the Bank's diversity initiatives, including the signature of the BlackNorth pledge. ➤ Reviewed policies and procedures for the management of conflicts of interest by Board members and approved enhancements to such processes. ➤ Reviewed and approved an updated Workplace Harassment, Violence and Discrimination Policy.

- Reviewed the composition of the Board of Directors and each of its Committees, taking into consideration the current strengths, skills and experience on the Board, the planned retirement of Board members and the strategic direction of the Bank, and in consultation with the Chair of the Board, made recommendations relating to Board and Committee renewal, including the selection of director nominees, as is more fully described under section "*Composition of the Board and Selection of Director Nominees*" in Part F - *Corporate Governance* of this Circular.
 - Led the establishment of a special committee of the Board to conduct an executive search for a new President and Chief Executive Officer of the Bank, and participated in the recommendation to the Board of the appointment of Rania Llewellyn as President and Chief Executive Officer and as a director of the Bank.
 - Conducted, with input of an external advisor to the Committee, a review of Board member compensation, and recommended to the Board that any changes to director compensation be deferred to 2021.
-



Michelle R. Savoy, Chair

Report of the Audit Committee

Members as at the date of Circular	Michael T. Boychuk, Chair Lise Bastarache David Morris Susan Wolburgh Jenah Nicholas Zelenczuk
Independence	➤ The Committee is composed entirely of independent directors.
Mandate Review	➤ The Audit Committee is primarily responsible for overseeing the integrity of our financial reporting, compliance, standards for ethical behaviour, internal control functions and has a direct relationship with the external and internal auditors.

The members of the Committee met on a quarterly basis with the officers with oversight functions (Internal Audit and Chief Financial Officer) and with the External Auditor in the absence of management to discuss all aspects of their respective mandates and related issues. The members of the Committee also met privately in the absence of management at each meeting.

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

With Respect to the External Auditor	<ul style="list-style-type: none"> ➤ Monitored the Bank's external auditor's engagement throughout the year. ➤ Reviewed and approved the 2020 Audit Plan as well as detailed information regarding key audit and accounting issues pertaining to the annual audit, and their quarterly reports pertaining to the review engagements. ➤ Performed the annual assessment of the external auditor, including audit quality considerations, including: auditor independence, objectivity and professional skepticism; quality of the engagement team provided by the external auditor; and the Canadian Public Accountability Board inspection findings. Based on its evaluation, the Committee recommended to the Board of Directors the appointment of the external auditor. ➤ Reviewed the Policy on Approval of Services Provided by External Auditors. Further details on the auditor's fees for the last fiscal year can be found under the heading "Appointment of the Auditor" in Part B - <i>Business of the Meeting</i> of this Circular. ➤ Met on a quarterly basis with the external auditor in the absence of management.
With Respect to the Internal Audit Function	<ul style="list-style-type: none"> ➤ Reviewed and approved the mandate and audit plan of the Internal Audit function and ensured the sufficiency of its resources on an annual basis. It also examined the main findings, recommendations and follow-ups thereon, as well as the internal auditor's opinion on internal controls. ➤ 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. ➤ Reviewed the independence and performance of the Chief Internal Auditor and the Internal Audit function and the Internal Audit function's budget for fiscal 2021. ➤ Reviewed and approved the 2021 Internal Audit Charter.
With Respect to Financial Information	<ul style="list-style-type: none"> ➤ In accordance with its mandate and the Bank's Financial Information Disclosure Policy, the Committee reviewed, and recommended for approval by the Board of Directors, the Bank's Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards and related Management's Discussion and Analysis, financial releases, and the Annual Information Form. ➤ Reviewed and approved the mandate of the Chief Financial Officer and assessed his effectiveness. ➤ Reviewed, and recommended for approval by the Board of Directors, earnings releases on quarterly and annual results. ➤ Reviewed the annual financial statements of the subsidiaries regulated by the Office of the Superintendent of Financial Institutions (Canada). ➤ Reviewed and approved the financial statements of the Bank's various pension plans. ➤ Reviewed and recommended for approval by the Board of Directors a reduction of the quarterly dividend on the common shares by 0.27\$ or 40% to provide greater financial strength and flexibility to support continued growth, the pursuit of the Bank's Strategic Plan, and the alignment of the Bank's payout ratio with the Bank's policy.
With Respect to Internal Controls	<ul style="list-style-type: none"> ➤ 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, 2020. ➤ Reviewed a letter of certification from management covering all of the Bank's operations for the fiscal year ended October 31, 2020 and for each of the quarters of fiscal 2020.
With Respect to Regulatory Authorities	<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, including reports on significant legislative and regulatory developments, significant litigation, compliance with banking law and regulatory matters, material transactions with related parties, and the Bank's whistleblowing regime. ➤ Reviewed reports from management regarding the Bank's regulatory capital ratios. ➤ Reviewed and approved the Bank's Whistleblower Policy and the Chairman managed the review process of any complaint made through a third party service provider. ➤ Reviewed reports from the Chief Internal Auditor on the handling of complaints, investigations and comments about suspicious accounting and audit-related activities. ➤ The Committee, along with the other members of the Board, met with representatives of OSFI in the absence of management.



Michael T. Boychuk, Chair

Report of the Risk Management Committee

Members as at the date of Circular	Sonia Baxendale, Chair Lise Bastarache Andrea Bolger Michael T. Boychuk Nicholas Zelenczuk
Independence	➤ The Committee is composed entirely of independent directors.
Mandate Review	➤ The Risk Management Committee is primarily responsible for risk oversight and advising executive management on highly sensitive matters and major strategic issues as they relate to the Bank's risk appetite framework.

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

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

Risk Oversight	<ul style="list-style-type: none"> ➤ Oversaw the Bank's response to the Covid-19 pandemic and received regular updates from management on the pandemic, and 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. ➤ Oversaw of market risk exposures including risks arising from the structural interest rate and foreign exchange risks as well as risks arising from our capital markets business. ➤ Oversaw aggregate credit profile and appetite as well as review of loan provisions in light of past year pandemic impacts. ➤ Reviewed and approved our significant financial and non-financial risks from an enterprise wide perspective. ➤ Reviewed and approved significant industry, market and portfolio risks and limits. ➤ Reviewed quarterly enterprise risk reports on the Bank's risk profile, and discussed the top and emerging risks facing the Bank. ➤ Dedicated significant time to review of technology, cyber-security, climate change and operational risks. ➤ Met with executives to discuss risk considerations, exposures and commercial initiatives against their strategies and plans. ➤ Received regular updates on the regulation regarding capital and liquidity risk governance, including the implementation of the new capital rules (Basel III). ➤ Monitored the implementation of the advanced internal rating-based approach. ➤ Received the Ombudsman's annual report. ➤ Reviewed our resolution and recovery plans and received reporting on recovery plan testing. ➤ Reviewed changes to the insurance program. ➤ Received reports on litigation matters. ➤ Reviewed the Capital Adequacy report (ICAAP).
Risk Appetite Framework	<ul style="list-style-type: none"> ➤ Reviewed our enterprise risk appetite framework and its alignment with our strategic plan, and recommended this, along with enterprise-wide risk management framework, to the Board for approval. ➤ Reviewed significant risk management frameworks. ➤ Reviewed and approved the Bank's recovery plan. ➤ Reviewed the IT Governance Framework and the IT Security Plan. ➤ Received reports from the Chief Privacy Officer and the Chief Internal Audit as well as reports on related party transactions of the Bank.
Risk Culture	<ul style="list-style-type: none"> ➤ Received updates on evolving regulatory expectations surrounding risk culture. ➤ Reviewed the Bank's risk culture initiatives including strengthening business compliance capability, oversight of reputational risk, third party supplier risk, and evolving the Bank's culture. ➤ Reviewed regular reports about our regulatory compliance program prior to this responsibility being transferred to the Audit Committee. ➤ Received reports on OSFI's findings and recommendations.
Compensation Risk	<ul style="list-style-type: none"> ➤ Coordinated with the Human Resources and Corporate Governance Committee in the review of: key elements of our executives compensation program, including plan design, targets, metrics and potential payouts; risks associated with executive compensation, incentive plans, the business performance factor and incentive awards. Concluded an assessment with the Chief Risk Officer that no risk adjustment was required given that risks were within the Bank's appetite.
Oversight of Risk and Anti-Money Laundering Functions	<ul style="list-style-type: none"> ➤ Reviewed regular reports about our anti-money laundering and anti-terrorist financing programs. ➤ Reviewed the mandates of the Chief Risk Officer and Chief Anti-Money Laundering Officer and assessed each officer's effectiveness and performance reviews.
Conduct Review	<ul style="list-style-type: none"> ➤ Reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable.



Sonia Baxendale, Chair

PART G – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all existing and former executive officers, directors and employees of the Bank or its subsidiaries as at January 31, 2021. The amounts exclude routine indebtedness as described in note 2 below.

Purpose	To the Bank or its Subsidiaries
Share Purchase	\$—
Other	\$247,715,249

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. The amounts exclude routine indebtedness as described in note 2 below.

Name and Principal Position	Involvement of the Bank or Subsidiary	Largest Amount Outstanding during Most Recently Completed Fiscal Year (\$)	Amount Outstanding as at January 31, 2021 (\$)
François Laurin Executive Vice President, Finance, Treasury and Chief Financial Officer	Bank (lender)	496,000 (Note 1)	480,000

Note 1: Mortgage loan on principal residence at an interest rate of 1.89%.

Note 2: Routine indebtedness includes:

- loans to any director or nominated director, executive officer, together with his or her associates, made on terms no more favourable than loans to employees generally, where the amount remaining unpaid has not exceeded \$50,000 at any time in the last completed financial year;
- loans to full-time employees, fully secured against their residence and not exceeding their annual salary
- loans to those other than full-time employees, made on substantially the same terms available to other customers with comparable credit (including terms for interest rates and security rates), and involving no more than the usual risk of collectability
- loans for purchases on usual trade terms, or for ordinary travel or expense advances, or
- similar reasons, with repayment arrangements according to the usual commercial practice.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

CODE OF PROCEDURE

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

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on April 7, 2020 is available on the Bank's Website.

REMOTE VIEWING OF THE ANNUAL MEETING

The video of the 2021 Annual Meeting of Shareholders will be available in the "Investor Centre" section of the Laurentian Bank Financial Group's Website (lbcfg.ca) under the "Presentations and Events" tab following the meeting.

DIRECTORS' APPROVAL

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

A handwritten signature in black ink, appearing to read 'Sivan Fox', written in a cursive style.

Sivan Fox
Senior Vice President, Legal Affairs and Corporate Secretary

February 5, 2021

SCHEDULE A

SHAREHOLDER PROPOSALS

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

After discussions with the Bank, MÉDAC has agreed not to submit proposal 2, proposal 3, proposal 4, proposal 5, and proposal 7 to a vote. The Bank has agreed with MÉDAC to include these proposals for informational purposes only. They are not part of the formal business of the meeting.

PROPOSAL 1 - Purpose and Commitment (translation)

It is proposed that the Bank's Board of Directors and Management clarify the purpose of the Laurentian Bank as an organization, and that one of the Board's committee be mandated to monitor the implementation of the policies, commitments and initiatives developed to give effect to this new strategic orientation, particularly as it relates to health, environment, human resources, and relations with stakeholders.

Arguments

In August 2019, the Business Roundtable, an association of chief executive officers of leading American companies, published a statement to the effect that the purpose of a corporation cannot be limited to generating profit and should factor in all stakeholders: clients, employees, suppliers, communities and shareholders. Corporations without social purpose lose all reason to exist.

Purpose translates how a corporation intends to contribute to society beyond economic activity. According to Jean-Dominique Sénard, President of Renault, "Purpose is the bridge between past and future and the company DNA. It has nothing to do with economics, but with vision and meaning¹." Basically, it's "how the company wishes to support the main social, societal, environmental and economic issues in its field while implicating its main stakeholders."

Although a number of corporations have taken several good steps in this direction over time, one cannot identify purpose as defined above when reading institutional reports. Furthermore, no Board committee is mandated to coordinate all the actions supporting a chosen purpose. For that matter, this committee's mission should be:

- to prepare and inform the work of the Board with regard to the deployment of the policies, commitments and initiatives implemented by the Laurentian Bank within the framework of its strategic orientations, particularly in terms of health, the environment and human resources;
- to engage in dialogue with the various stakeholders regarding its progress towards such objectives and to report on its meetings to the Board of Directors;
- to review the extra-financial reporting and control systems and the key results of the extra-financial information published by the Laurentian Bank; and
- to inform shareholders of the various issues raised by its work.

In order for such an idea of purpose to move from marketing mantra to tangible reality, it must be embodied in the governance practices of the institution. Finally, it should be reminded that, for a growing number of investors, organizations without social purpose lose all reason to exist.

The Bank's Position

The Board is responsible for guiding and overseeing the Bank's strategy and mission, and for holding Management accountable for the execution and achievement of key priorities. In establishing objectives and making other decisions, the Board carefully considers and balances various elements including the interests of investors, employees, customers and other stakeholders; environmental and community impacts; and the long-term interests of the Bank. To provide effective governance over the Bank's affairs, the Board must balance the interests of these diverse constituencies. Notably, the Board and Management are actively investing in developing, promoting and recruiting leaders and Board members that reflect the diversity our community and the customers we serve, and are advancing a "Customer First" culture, by advocating for customer centricity, simplifying our end-to-

¹ Jean-Dominique Senard: "Le sens et le pourquoi nourrissent la motivation", *Les Échos*, June 8, 2018, <https://business.lesechos.fr/directions-generales/innovation/innovation-sociale/0301754783119-jeandominique-senard-president-de-michelin-le-sens-et-le-pourquoi-nourrissent-la-motivation-321483.php>

end processes and truly owning the customer experience. We are engaging and empowering our employees to work collaboratively as one team, innovating through diversity, inclusion and a winning mindset. Finally, we are committed to shareholder engagement, and engage with shareholders and investor groups throughout the year on a variety of issues, including the Bank's approach to corporate governance, our approach and strategies relating to the environment, diversity and inclusion, as well as financial performance and strategy. As best practices in corporate governance and corporate social responsibility are constantly evolving, the Bank continues to monitor these developments, and enhance and refine its mission with a view to acting in the best interest of all of its stakeholders.

As the ultimate oversight and responsibility for the Bank's purpose and mission resides with the Board, reference to the Board's role in working with Management in support of the Bank's strategy and mission will be incorporated into the Board's mandate in 2021.

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 - Virtual Meeting and Shareholder's Rights (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors adopt a policy that outlines the conditions under which virtual annual meetings take place.

Arguments

This past year, because of the pandemic, the banks and several other organizations turned to new teleconferencing technologies to hold their annual general meetings. While they are well aware that these new technologies were often used for the first time, the MÉDAC and other individuals or organizations submitting shareholder proposals or wishing to share comments or suggestions during those virtual meetings unfortunately encountered problems that limited their participation. In particular, our perception of the 2020 virtual annual meetings is that: "regrettably, shareholders could not address the meeting and exercise their right to speak. Representatives like the Chair of the Board (thus the Chair of the meeting) and the CEO were the only ones who spoke during the meetings²." For small shareholders, this limited presence may have an impact on the success of their proposals in the long-term, as they cannot defend them in person and thus build additional support in the event that their proposals are subsequently tabled.

These threats to shareholder participation are a matter of concern, when shareholder proposals are submitted in Management proxy circulars and presented in annual meetings after unfruitful dialogue efforts with the issuer or for any other reason.

The last twenty years of shareholders' participation and proposals have shown their added value in governance matters, for example the segregation of the duties of the President and Chief Executive Officer from those of the Chairman of the Board, the advisory vote on executive compensation, the disclosure of auditor and advisor compensation, the presence of women on boards of directors and in senior management, the access to proxies for the appointment of directors, etc.

We recommend that the Board of Directors adopt a policy that outlines the terms of the shareholders' participation in the virtual annual meetings:

- for the oral presentation of shareholder proposals by the individuals or organizations that submitted them, for a period at least equivalent to the time required to read the proposals;
- for a video display of shareholders during their interventions, as well as of executive officers;
- for spontaneous questions after management interventions;
- for real-time interactions between the shareholders and the Chair of the meeting; and
- in the event that questions raised by shareholders cannot be answered at the annual meeting, for the posting of Management's responses on the Corporation's website and on SEDAR, within ten days of the meeting.

The Bank's Position

The well-being and safety of our employees, clients, investors and communities is our top priority. As a result of the anticipated ongoing impact of the COVID-19 pandemic, and in consideration of the evolving protocols from public health and government authorities, the Bank is holding the Meeting in a virtual-only format conducted by a live audio webcast. We believe these precautions are prudent measures to protect the health and well-being of our stakeholders, while supporting shareholder

² <https://medac.qc.ca/1798/>

engagement. Shareholders will have the opportunity to attend the meeting online, submit questions, vote and otherwise participate in real time through a web-based platform regardless of their geographic location.

Building upon key learnings from last year's meeting, the Bank has taken additional steps to enhance the participant experience, and to ensure that virtual participation in the Meeting provides the opportunity for dialogue between the Bank's shareholders, Management and the Chair of the Board that is often possible at an in-person meeting. Such enhancements include: simultaneous translation and the ability to speak from the floor for shareholders who have submitted shareholder proposals. We remain committed to ensuring future meetings, whether held virtually, in-person or in a hybrid format, encourage shareholder participation and engagement. Following the meeting, we welcome any feedback from shareholders on how we may further enhance the shareholder experience.

In anticipation of this virtual-only meeting, the Bank has adopted a User Guide and Code of Procedure to better meet shareholders' expectations regarding participation at the meeting. The Code of Procedure allows for shareholders to ask questions and make brief comments in respect of any proposal subject to a vote, while being respectful of the time of all meeting participants. The User Guide and Code of Procedure for the meeting will be available on the Bank's website and will address, among other things, the procedure for questions at the meeting and how the Bank will respond to those questions that cannot be answered at the meeting.

The microphone of the physical meeting, has been replaced by a live Q&A session which will allow shareholders participating via the audio webcast to ask questions in writing in real time. If they prefer, shareholders may also submit written questions in advance of the meeting which will be addressed during the Q&A session. As is the case with a physical meeting, those shareholders who have submitted a shareholder proposal will be provided with the opportunity to speak at the meeting in respect of the proposal for a reasonable period of time.

Regular, open and constructive engagement with shareholders is an important component of the Bank's governance practices. Accordingly, we have structured the Meeting to encourage and allow for open dialogue and the meaningful participation of shareholders. In furtherance of this objective, it is important that registered shareholders and non-registered beneficial shareholders carefully follow the instructions in this Circular and their proxy form or voting instruction form, as the case may be, in order to attend and fully participate in the Meeting. Please see the section entitled "How to Vote" on page 3 of the Circular for detailed instructions on how to attend and participate at the Meeting. We encourage shareholders to reach out to Computershare by telephone at 1-800-564-6253 or by email at the following address: service@computershare.com and Kingsdale Advisors, our strategic shareholder advisor and proxy solicitation agent, by telephone at 1-888-518-1561 toll-free in North America +1 416-867-2272 for collect calls outside of North America) or by email at contactus@kingsdaleadvisors.com if they have any questions about participation at the Meeting.

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

PROPOSAL 3 - Human Resource Committee in its Own Right (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors review the mandate of its compensation or human resource committees to include more specific responsibilities relating to the health, the safety and the well-being of all employees.

Arguments

Since the beginning of the COVID-19 crisis, the health, safety, and well-being of employees has been an increasing concern of organization executives. In addition to these concerns, there is also the issue of developing employee talent to meet the challenges of new technologies.

The mandate and responsibilities of the compensation or human resource committees should be adjusted to reassure shareholders and other stakeholders that all strategies and policies are implemented to address these concerns. Currently, a large part of the work of these committees is focused on performance and executive compensation management.

The purpose of this proposal is to ask the Board of Directors to adjust the mandate of its Human Resource Committee or to create a specific committee whose mandate would be to assist the HR Committee in exercising its responsibilities to establish a vision and monitor employee health, safety and well-being issues, in particular with respect to strategies, policies, systems, and practices in this area, as well as to manage the associated risks. For example, this committee could be called upon to deal with topics such as training and talent development, diversity, labour relations, compensation equity, organizational culture, employee commitment and satisfaction, workplace physical layout, and the impact of working remotely on the physical and mental health of employees. Such strategic areas of human resources management should be disclosed in the management proxy circular. This proposal is based on the Sustainability Accounting Standard Board (SASB) standards and indicators, which are often cited as a roadmap for standardizing human resources management information.

Employee health and well-being do not merely complement an organization's strategy; they are essential parts of that strategy. This proposal is being submitted with that in mind.

The Bank's Position

Ensuring employee health and well-being is an essential part of the Bank's strategy. The Board oversees employment matters directly and through its HRCG Committee. In particular, and as part of its existing mandate, the HRCG Committee is responsible for overseeing employee relations, monitoring employee engagement and approving the Bank's policies relating to the health and well-being of its employees. In order to fulfil this role, the HRCG Committee receives regular reports from Management on key employment matters including information regarding employee demographics, diversity, retention, absenteeism and performance.

The Board's commitment to employees has been demonstrated in its response to the COVID-19 pandemic. During the year, the Board held four (4) *ad hoc* meetings, and received regular reports from Management, to monitor and oversee the Bank's pandemic response and specifically to address the needs of employees. The Board, directly and through its HRCG Committee, oversaw various initiatives to provide a safe work environment which included implementing a secure work from home strategy, increasing the intensity of cleaning at our offices, minimizing the number of individuals at any given location and providing, since January 2021, employees and their families with access to healthcare professionals 24/7 through a virtual health care platform.

In addition to physical health and safety concerns, the Board recognizes the importance of our employee's mental-health. Accordingly, during the year the Board, directly and through its HRCG Committee, oversaw various measures to monitor and support the well-being of employees including offering:

- Special compensation to front-line employees;
- Flexible hours, reduced hours and compressed work weeks to accommodate employee child and family care needs;
- Unpaid, voluntary, job-protected leaves of absence;
- Special allowances to facilitate work-from-home for employees at all levels;
- Increased wellness and mental health activities for employees;
- Mental health training for team leaders; and
- Access to advice, resources and referrals with a confidential Employee and Family Assistance Program (EFAP) to support employee well-being and success at work.

While executive compensation is an important part of the HRCG Committee's work, it is but one part of their mandate. Given the existing focus of the Board and the HRCG Committee on the important issue of employee health, safety and well-being, we will revise the mandate of the HRCG Committee to further emphasize the important work that is already being done in this regard.

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

PROPOSAL 4 - COVID-19 — Equitable Sharing of the Recovery Burden (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Board of Directors disclose the actions taken by the organization to ensure that both senior executives and other employees equitably share the economic recovery efforts after the pandemic.

Arguments

The 2008 economic crisis left many shareholders with a bitter taste. While their investment portfolio declined sharply, the compensation of senior executives and directors continued to increase irrespective of company performance, in ways deemed excessive by many. This led to the introduction of a non-binding advisory vote on executive compensation and tarnished the reputation of several organizations.

The current health and economic crisis forced many organizations to make difficult decisions, including temporary and permanent layoffs, but little information has been disclosed on measures taken to reduce the number or the compensation of executives and directors.

The purpose of this proposal is to request that the Board of Directors disclose, in the next management proxy circular, the following information:

- the percentage and number of permanent and temporary layoffs as a result of the pandemic, for both senior executives and other employees;
- the compensation reduction percentage sustained by both employee categories;
- the discretionary powers available to the Compensation Committee or the Board of Directors in order to grant compensation increases to senior management although several performance targets will not be achieved as a result of the pandemic and the economic crisis;
- the adjustments made to the compensation policy for the next few years in order to take into account the compensation decline that some employees may have experienced; and
- any adjustment made to the share unit or stock option grant policy to make up for the compensation losses experienced by senior executives in 2020.

The Bank's Position

We recognize that, like most members of our community, the pandemic has put incredible pressure on our employees, and particularly those on the front lines. Accordingly, it was important that each of our team members felt both financially secure, and physically safe, in order to be able to continue to support our customers. Importantly, no employees were laid off as a result of the pandemic. The Board, directly and through its HRCG Committee, oversaw various initiatives to provide a safe work environment which included implementing a secure work from home strategy, increasing the intensity of cleaning at our offices, minimizing the number of individuals at any given location and, since January 2021, providing employees and their families with access to healthcare professionals 24/7 through a virtual health care platform. In addition, employees unable to work from home received special compensation and those working remotely received a stipend to cover the costs associated with the transition to a remote work environment.

The COVID-19 pandemic impacted the Bank's financial performance and hindered Management's ability to deliver on short-term performance targets. Higher expected credit losses, primarily driven by the severe economic conditions, and lower interest income as a result of a decrease in certain targeted loan portfolios, contributed to lower performance, despite improved results from market driven activities in the second half of 2020 and the stabilization of expenses.

Nevertheless, our employees have put in considerable effort to respond as effectively as possible to the specific challenges of a global pandemic, to implement COVID-19 related plans and to adapt to a new work environment. Many of them have had to make significant personal sacrifices to ensure the long-term success of the organization. In light of the pandemic's impact on operations and the extraordinary contributions of our employees during this challenging year, the Board took a careful and holistic approach when assessing performance to recognize the efforts and accomplishments of our employees and to ensure a fair compensation outcome at all levels of the organization.

In order to recognize the significant efforts of employees during this pandemic, the Board, upon recommendation of the HRCG Committee, exercised its discretion to adjust performance targets on a sliding-scale favouring non-executive employees. As a result, employees at the Executive Vice President level were awarded 2020 short-term incentives at 30% of target. In addition, base salaries and incentive targets for Named Executive Officers ["NEOs"] were frozen for 2021. The use of a sliding scale multiplier properly reflects the relative ability of team members to impact the achievement of the performance threshold while recognizing the considerable efforts of our employees to respond to the unprecedented challenges of the year.

Additional information regarding the exercise of discretion and our compensation practices has been included under the heading "2020 Results" on page 23 in Part E - *Executive Compensation* of this Circular.

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

PROPOSAL 5 - Global Warming (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the Bank reports on the loans it granted in support of projects that pollute and that are leading to a significant increase in global temperature.

Arguments

The purpose of the Paris Agreement is to limit the global temperature rise to 2°C and pursue efforts to limit the increase to 1.5°C. According to Mark Carney, former Governor of the Bank of Canada and the Bank of England and current UN special envoy for climate, the funds provided by banks and investment firms in support of several large projects that pollute will lead to a 4°C temperature increase, while the Paris Agreement is aiming for a global increase limit of 2°C, or 1.5°C if possible.

According to Mark Carney, the objectives of the Agreement are clear, but the policies of the organizations are inconsistent; with the world's 20 largest energy corporations being responsible for one third of all carbon emissions on Earth, the time has come to slow down the appetite of the financial system, which does not seem to care about the climate emergency.

The purpose of this proposal is to request that the Bank disclose information on the amounts it granted for projects with significant impacts on global temperature.

The Bank's Position

The ongoing integration of ESG factors into strategic, risk management and other practices is a key area of focus for the Bank. We remain committed to improving the Bank's disclosure practices leading to the eventual adoption of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2020, the Bank started to develop a roadmap to set out the short, medium and long-term priorities that will be included in its strategic plan. In addition, the Bank has begun calculating its carbon footprint on the basis of the WRI/WBCSD Greenhouse Gas (GHG) Protocol. This first step will allow the Bank to understand where the GHG reduction opportunities lie.

Furthermore, we consider the direct and indirect impacts of climate change on the environment, the communities we serve and our business. Our concern for the environment is reflected in responsible business practices. At an asset level, environmental risks are evaluated by our credit management and risk management teams and environmental risk assessment is built into the standard risk management process we follow for all credit-related activities, with the exception of certain very specific cases. For the purpose of identifying levels of potential risk, industries are grouped into three categories: high-risk, special-risk, and low-risk. In addition, we are proud to participate in the green bond market to help finance key eco-friendly projects. In 2020, Laurentian Bank Securities Inc. acted as a participant for the issuance of green bonds totaling \$4.0B. We proudly support our clients who are committed to building sustainable businesses. Members of our team actively manage a \$225 million renewable energy portfolio that provides financing, primarily, to solar energy projects. In contrast, \$24M, or only 0.18% of our commercial loan portfolio is related to oil and gas. In addition, we have expanded our mutual fund offering to include Mackenzie Global Environment Equity Fund and Mackenzie Global Women's Leadership Fund.

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

PROPOSAL 6 - Circular Economy (translation)

It is proposed that the Bank reports on the loans it granted in the last few years in support of the circular economy.

Arguments

According to the Institut de l'environnement, du développement durable et de l'économie circulaire du Québec (the EDDEC Institute), the expression circular economy refers to "a system of production, exchange and consumption designed to optimize the use of resources at all stages of the life cycle of a good or service, in a circular logic, while reducing the environmental footprint and contributing to the well-being of individuals and communities".³

³ <http://instituteddec.org/themes/economie-circulaire/>

Circular business models allow systems and processes to be rethought at the design stage, to find opportunities to recycle, repair, reuse, reconvert or refurbish products and materials in order to reduce waste and greenhouse gas emissions. Across the country, as stated in a government publication, many innovators and industries are seeing the benefits of using circular models to save money or create new market opportunities—from turning pulp and paper mill waste into renewable bioproducts to launching product buy-back programs that improve customer interaction and recovering usable materials such as metals and alloys. These innovative solutions are paving the way for a more circular economy that benefits the environment while creating wealth and opportunity in industries.

Developing this new way of doing things cannot be done without financial support from the Canadian banks. The purpose of this proposal is to heighten shareholder's awareness of the Bank's role in support of the development of this new economy in recent years.

The Bank's Position

As discussed in greater detail in the Bank's Social Responsibility Report, the ongoing integration of ESG factors into strategic, risk management and other practices is a key area of focus for the Bank. In particular, we recognize that finding opportunities to reduce waste and greenhouse gas emissions begins with establishing a corporate culture that supports environmental and social consciousness at all levels of the organization. In this regard, the Board and Management play an important role in establishing the 'tone from the top' that drives desired behaviours and attitudes.

The Bank is proud to participate in the green bond market to help finance key eco-friendly projects. In 2020, Laurentian Bank Securities Inc. acted as a participant for the issuance of green bonds totaling \$4.0B. We proudly support our clients who are committed to building sustainable businesses. Members of our team actively manage a \$225 million renewable energy portfolio that provided financing, primarily, to solar energy projects. In contrast, \$24M, or only 0.18% of our commercial loan portfolio is related to oil and gas. In addition, we have expanded our mutual fund offering to include Mackenzie Global Environment Equity Fund and Mackenzie Global Women's Leadership Fund.

In 2015, our B2B Bank subsidiary started a partnership with Bullfrog Power, Canada's leading green energy provider. In 2019, we announced that we have chosen 100 per cent renewable electricity for our corporate office locations in Toronto and Montreal. By supporting green energy with Bullfrog Power, the Bank is reducing its environmental footprint and helping to green Canada's energy systems. Since joining the bullfrog-powered community, the Bank has displaced more than 1,493 tonnes of CO₂. This is equivalent of taking 330 cars off the road for one year or diverting more than 541 tonnes of waste from a landfill. This is also the same amount of CO₂ emissions produced by the consumption of 649,936 litres of gasoline.

Our corporate offices in Toronto and Montreal are in LEED-certified buildings (Gold and Silver, respectively). The eco-friendly features and smart design elements of these buildings enable us to increase our energy efficiency and thus have a significant impact on the achievement of global environmental objectives.

In addition, we have adopted a mindset of reducing, reusing and recycling. We ensure existing paper supplies are managed in a way that maximizes recycling efforts and minimizes waste. We encourage all team members to use re-usable bottles and cups to reduce their dependency on plastic bottles. We have installed sorting stations for garbage, recycling and green waste to ensure optimal management. We also promote green ways to get to work. Our corporate offices are easily accessible to public transit and include areas to park hybrid vehicles and have abundant space for bicycles. Most recently, the Bank has adopted notice-and-access to provide electronic versions of Meeting Materials online, rather than mailing paper copies of these materials to shareholders. The notice-and-access mechanism provides quicker access to the Meeting Materials while contributing to environmental protection by reducing tree, water and energy consumption.

For additional information, please consult the Bank's Social Responsibility Report, which is published on our website.

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

PROPOSAL 7 - Discretionary Powers of the Board of Directors and the Compensation Committee (translation)

NOT SUBMITTED TO A SHAREHOLDER VOTE

It is proposed that the guidelines used by the Board of Directors and the Compensation Committee to review the objectives related to executive compensation and performance be presented in an explicit manner in the management proxy circular.

Arguments

Over the past year, the health and economic crisis will undoubtedly have had an impact on the key performance measures and related targets that executives were expected to meet in 2020. Did the Board of Directors and the Human Resources Committee adjust the objectives if necessary or did they use discretionary powers to adjust the compensation policy considering that the pre-established targets could not accurately reflect the overall quality of the performance of the executives?

The purpose of this proposal is to require that the institution disclose, in a precise manner, any adjustment that has been made to key performance measures, performance targets, or associated compensation awards, for all its executive officers.

The Bank's Position

We agree that the rationale underlying any exercise of discretion in respect of key performance measures, performance targets or associated compensation awards requires robust disclosure to ensure the application of discretion is appropriate, reasonable and properly explained to shareholders. The Bank has adopted compensation practices designed to attract and retain talented and engaged employees and to provide equitable and competitive pay at all levels of the organization. The HRCG Committee directs the Bank's compensation strategy, including overseeing material employee incentive plans and pension and benefits programs, to align compensation practices with the Bank's strategic objectives and the interests of shareholders. A variety of factors are considered when assessing and setting compensation, including market best practices, peer benchmarks, the performance of the Bank and each business line as well as individual contributions.

As discussed in greater detail in our response to proposal 4, the HRCG Committee took a careful and holistic approach when assessing performance for 2020 to ensure a fair and equitable compensation outcome. Fulsome and explicit disclosure regarding the exercise of discretion has also been included under the heading "2020 Results" on page 23 in Part E - *Executive Compensation* of this Circular.

We are committed to actively engaging with shareholders and adopting policies that are responsive to their concerns. Our compensation strategies are reviewed on an ongoing basis and we continue to make enhancements to provide better transparency and to further align pay with performance. Some of our key efforts in this area have been highlighted in Part E - *Executive Compensation* beginning on page 16 of this Circular. We believe that the detailed and holistic disclosure regarding executive compensation provides relevant and meaningful information for shareholders to assess our compensation practices.

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

SCHEDULE B

VIRTUAL ANNUAL MEETING OF SHAREHOLDERS

CODE OF PROCEDURE (the "Code")

1. Application

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

In order to facilitate a fair and productive Meeting, we ask your cooperation in observing the following procedures:

2. Business of the Meeting

The business to be conducted at the Meeting is set forth in the Notice of Meeting and Management Proxy Circular (the "**Circular**"). We will strictly follow the agenda of Meeting as set out in the Circular.

3. Registered Shareholders and Non-Registered Shareholders

Only persons shown on the register of shareholders at the close of business on February 5, 2021 and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholders), will be entitled to vote at the Meeting. Please follow the instructions provided in the Circular to participate at the Meeting. If you have voted your shares prior to the start of the Meeting, and your vote has been received by the Bank's scrutineers, then there is no need to vote those shares during the Meeting, unless you wish to revoke or change your vote.

Shareholders and duly appointed proxyholders entitled to vote at the Meeting may vote by proxy in advance of the Meeting. Non-registered shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting as guests. Guests are able to attend the Meeting but are not able to submit questions or vote their shares (if any).

4. Questions

Shareholders and duly appointed proxyholders may submit questions during the Meeting using the "Ask a Question" field provided in the web portal or in advance of the Meeting by contacting : corporate_secretariat@lbcfg.ca. Questions may be submitted at any point in advance of, or during, the Meeting but must be submitted prior to the commencement of voting on the matter to which they relate. Subject to this Code, all questions relating to a matter subject to a vote at the Meeting will be addressed prior to the closing of voting on such matter.

Following termination of the formal business of the Meeting, the Bank will address any appropriate general questions received from shareholders and duly appointed proxyholders regarding the Bank.

5. Pertinence and Good Order

In order to facilitate a respectful and effective Meeting, only questions of general interest to all shareholders will be answered, if your question is related to an individual matter a Bank representative will contact you after the Meeting. Any questions pertinent to the Meeting that cannot be answered during the Meeting will be posted online and answered at <https://lbcfg.ca/investors-centre/>.

6. Specific Questions

If there are any matters of individual concern to a shareholder and not of general concern to all shareholders, or if a question posed was not otherwise answered, such matters may be raised separately after the meeting by contacting the Bank's Investor Relations department by sending an e-mail to : investor.relations@lbcfg.ca.

7. Recording

A recording of the webcast will be available on Bank's website for approximately one year from the date of the Meeting. Any other recording of the Meeting is prohibited.

SCHEDULE C

BOARD MANDATE

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

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

1. Strategic Functions

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

2. Human Resources Management Functions

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

3. Oversight Functions

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

4. Corporate Governance Functions

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

5. Communication and Disclosure Functions

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

