

Notice of Annual and Special Meeting of Shareholders

March 19, 2013

Management Proxy Circular



**LAURENTIAN
BANK**



LAURENTIAN
BANK

Notice of Annual and Special Meeting of Shareholders

Notice is hereby given that the annual and special meeting of the shareholders of Laurentian Bank of Canada (the "Bank") will be held at the Montreal Science Center, 2 de la Commune Street West, Montreal, Quebec, on Tuesday, March 19, 2013 at 9:30 a.m. for the following purposes:

- 1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2012 and the auditor's report thereon;
- 2) to elect directors;
- 3) to appoint the auditor;
- 4) to consider and if deemed fit adopt a special resolution confirming the amendment to By-Law XII of the Bank's General By-Laws relating to the aggregate annual compensation of the directors of the Bank (the text of this special resolution is set out in Schedule A to the attached Management Proxy Circular);
- 5) to consider and if deemed fit adopt a resolution, on an advisory basis, on the approach to Named Executive Officer compensation disclosed in the attached Management Proxy Circular (the text of this resolution is set out in Schedule B to the attached Management Proxy Circular);
- 6) to consider and if deemed fit adopt shareholder proposals (the text of these proposals is set out in Schedule C to the attached Management Proxy Circular);
- 7) to transact such other business as may properly be brought before the meeting.

As at January 30, 2013, the number of eligible votes that may be cast at the meeting in respect of each separate vote to be held at the meeting is 28,137,520, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 365,787,760.

Proxies to be used at the meeting must be received by the Bank's transfer agent, Computershare Investor Services Inc., Stock Transfer Services, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, prior to the close of business on March 18, 2013.

By order of the Board of Directors,

Lorraine Pilon
Secretary

Montreal, Quebec, January 30, 2013

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

Important Instructions Regarding Voting and Proxies

INSTRUCTIONS FOR REGISTERED SHAREHOLDERS

Voting in person — If you wish to vote in person at the meeting, you must present yourself at the registration table at least thirty minutes prior to the commencement of the meeting in order to obtain your ballot cards. You must have with you the enclosed invitation and personal identification.

Voting through a proxyholder proposed on the enclosed form of proxy — If you do not expect to be present in person at the meeting and wish to appoint the persons proposed as proxyholders on the enclosed form of proxy to represent you at the meeting, simply complete, date, sign and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524 within the time limits indicated in the Notice of Meeting. Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

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

INSTRUCTIONS FOR NON-REGISTERED* SHAREHOLDERS

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

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

Voting through a proxyholder proposed on the voting instruction form — If you do not expect to be present in person at the meeting and wish to appoint the persons proposed as proxyholders on the voting instruction form that your intermediary or the Bank's transfer agent sent to you to represent you at the meeting, please complete the voting instruction form and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. Your shares will be voted in accordance with your instructions as indicated on the voting instruction form.

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

* If your shares are held through an intermediary (such as a securities broker, a clearing agency, a financial institution, a trustee, a custodian, etc.) you are considered a **non-registered** shareholder.

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

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Management Proxy Circular

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 30, 2013.

PART A – INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation by the Management of the Bank of proxies to be used at the Annual and Special Meeting of Shareholders of the Bank, which will be held at the date, time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Meeting"), and at any adjournment thereof. Solicitation of proxies is made by mail as well as by telephone or other personal contact by employees. All solicitation costs will be borne by the Bank.

PROXY INSTRUCTIONS

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

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

All valid proxies received by the Bank, through Computershare Investor Services Inc., at the address set forth in the accompanying Notice of Meeting, prior to the close of business on March 18, 2013 will be used for purposes of voting at the Meeting or any adjournment thereof in accordance with the terms of the proxy or the instructions of the shareholder as specified thereon.

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

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

FOR:

- the election of directors;
- the appointment of the auditor;
- the adoption of a special resolution confirming the amendment to By-Law XII of the Bank's General By-Laws relating to the aggregate annual compensation of the directors of the Bank;
- the adoption of a resolution, on an advisory basis, on the approach to Named Executive Officer compensation disclosed in this Circular; and

AGAINST:

- the proposals of a shareholder.

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

REVOCABILITY OF PROXY

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at January 30, 2013, 28,137,520 common shares of the Bank were outstanding.

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

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

Only holders of shares registered on the registers of the Bank at the close of business on January 30, 2013, or their duly appointed proxyholders, will be entitled to attend or to vote at the Meeting.

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

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

PART B – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The consolidated financial statements of the Bank for the fiscal year ended October 31, 2012 and the auditor's report thereon are included in the 2012 Annual Report of the Bank mailed to shareholders on January 11, 2013. The financial statements were prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements specified by the Office of the Superintendent of Financial Institutions (Canada).

ELECTION OF DIRECTORS

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

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

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

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

APPOINTMENT OF THE AUDITOR

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

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

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

The following table presents by category the fees invoiced by the auditor Ernst & Young for the fiscal years ended October 31, 2012 and 2011.

| Fee Category | 2012 (\$) | 2011 (\$) |
|---------------------------------|--------------|--------------|
| Audit fees | 2,596,000 | 1,822,000 |
| Fees for audit-related services | 273,000 | 522,000 |
| Fees for tax services | 113,000 | 129,000 |
| Other fees | 443,000 | 312,000 |
| Total | 3,425,000 | 2,785,000 |

Further details on the auditors' fees are provided in Section 12.5 of the Bank's Annual Information Form dated December 5, 2012, which is available on SEDAR at www.sedar.com.

During the 2012 fiscal year, the Audit Committee reviewed the policy regarding services that may be rendered by the Bank's external auditor. This policy is presented in Section 12.4 of the Bank's Annual Information Form dated December 5, 2012.

AGGREGATE ANNUAL COMPENSATION OF THE DIRECTORS OF THE BANK (BY-LAW XII)

At its meeting held on January 30, 2013, the Board of Directors of the Bank approved an increase in the maximum aggregate annual compensation of directors, which had not been modified since 2003. The purpose of this increase is to ensure that the Bank is in a position to recruit and retain competent directors who are capable of contributing to its progress. The increase is also due to greater corporate governance regulatory requirements, which increase the number, length and complexity of directors' meetings.

By-Law XII of the Bank's General By-Laws concerning the aggregate annual compensation of the directors of the Bank was therefore amended to increase the maximum aggregate amount of compensation which may be paid to all the directors of the Bank as directors during each financial year from \$1,200,000 to \$2,000,000.

The special resolution confirming the amendment to By-Law XII of the Bank's General By-Laws requires approval by a two thirds majority of the votes cast by the holders of common shares present or represented by proxy and able to vote at the Meeting. The text of this special resolution is set out in Schedule A to this Circular.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

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

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

SHAREHOLDER PROPOSALS

The Bank received four proposals from Mouvement d'éducation et de défense des actionnaires (MÉDAC), of 82 Sherbrooke Street West, Montreal, Quebec H2X 1X3, a shareholder of the Bank. The text of three of these proposals and the shareholder's statements (translated from French by the Bank), as well as the recommendations of the Board of Directors, are set out in Schedule C to this Circular. If these proposals come before the Meeting, the proxyholders proposed on the enclosed form of proxy intend to vote **AGAINST** the proposals, unless other instructions are given in the form of proxy.

As for the fourth proposal of that shareholder, entitled "Account of Exchanges during General Annual Meetings and More Sustained Dialog with Shareholders", the shareholder agreed to withdraw it given the Bank's willingness to assent to the request. The Bank has committed itself to publish on its website the minutes of each annual meeting of shareholders within four (4) months thereof and to provide, also on its website, an email address enabling shareholders to easily communicate with the Bank.


Shareholders wishing to have a proposal included in the next Management Proxy Circular of the Bank must provide the text of such proposal to the Secretary of the Bank at the latest on November 1st, 2013.


PART C – DIRECTOR NOMINEES


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


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


- his or her name, age and municipality of residence;
- the date on which he or she became director of the Bank;
- the fact that he or she is or not independent within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors of the Bank (such determination being made as at the date of this Circular);
- his or her main fields of expertise;
- his or her principal occupation and business and principal qualifications and relevant experience to serve on the Board of Directors of the Bank;
- the public issuers for which he or she acts as director as well as the committees on which he or she serves;
- the committees of the Board of Directors of the Bank on which he or she serves as well as his or her record of attendance at Board and committee meetings;
- the number and value of common shares of the Bank beneficially owned, directly or indirectly, or over which he or she exercises control or direction as at the date of this Circular (January 30, 2013) and as at the date of the previous Management Proxy Circular (January 25, 2012) – the share value as at January 30, 2013 and January 25, 2012 is the closing price of the Bank's common share on the Toronto Stock Exchange on such dates, respectively \$44.35 and \$47.21 (information concerning the number of shares held was provided by each proposed nominee);
- the number and value of deferred stock units (DSUs) of the Bank credited to him or her as at the date of this Circular (January 30, 2013) and as at the date of the previous Management Proxy Circular (January 25, 2012) – the unit value as at January 30, 2013 and January 25, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on such dates, respectively \$44.35 and \$47.21;
- whether he or she complies or not with the minimum shareholding requirements for directors (such requirements being specified in Part D - "Compensation of Directors" of this Circular);
- the value of total compensation received during the 2012 fiscal year as director of the Bank.


| PIERRE ANCTIL | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | | | |
|--|--|---------------------|--------------------|------------------------------|------------------|--|----------------------------------|---|----|--|
|  | <p>Pierre Anctil is President and Chief Executive Officer of Fiera Axiom Infrastructure Inc., a portfolio management firm dedicated to generating attractive, long-term returns through investing in core infrastructure assets.</p> <p>Engineer by trade and holder of a master's degree in business administration, Pierre Anctil has more than 25 years of public and private sector experience in strategic planning, business development and executive management. From 1997 to 2008, he held various management positions at SNC-Lavalin Inc., including Executive Vice-President – Office of the President. From 1994 to 1996, Mr. Anctil was successively Chief of Staff to the Premier of Quebec and Chief of Staff to the Leader of the Opposition at the National Assembly of Quebec. Mr. Anctil is Chairman of the Board of the Montreal Heart Institute.</p> | | | | | | | | | |
| Age: 53 Westmount, Quebec, Canada Director since March 15, 2011 Independent Fields of expertise : - Finance - Pension Plan Management - Corporate Governance - Mergers and Acquisitions - Business Development | MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | |
| | Gaz Métro Inc. (member of the Audit Committee) | | | | | | | | | |
| | MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| | Board of Directors | | 12 out of 13 (92%) | | | 19 out of 20 (95%) | | | | |
| | Audit Committee | | 7 out of 7 (100 %) | | | | | | | |
| | SECURITIES HELD | | | | | | | | | |
| | Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| | Jan. 30, 2013 | 3,140 | 1,201 | 4,341 | 44.35 | 192,523 | 5,000 | 87% | No | |
| | Jan. 25, 2012 | 3,140 | 169 | 3,309 | 47.21 | 156,218 | 5,000 | 66% | No | |
| | VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | |
| \$77,500 | | | | | | | | | | |


| LISE BASTARACHE | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | | | |
|---|---|------------|------------------------------|------------------|--|----------------------------------|---|----|--|--|
|  | <p>Lise Bastarache is an economist and a corporate director.</p> <p>Ms. Bastarache holds a master's degree and pursued doctoral studies in Economics. She was, from 2001 to 2005, Regional Vice-President - Quebec, Private Banking at RBC Financial Group. She is a member of the Board of Governors of Université de Moncton, where she chairs the Finance Committee.</p> | | | | | | | | | |
| | <p>Age: 49 Candiac, Quebec, Canada</p> <p>Director since March 7, 2006</p> <p>Independent</p> <p>Fields of expertise :</p> <ul style="list-style-type: none"> - Finance - Risk Management - Banking Services - Credit - Securities | | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | | |
| The Jean Coutu Group (PJC) Inc. (member of the Audit Committee, of the Governance and Nominating Committee and of the Human Resources and Compensation Committee) | | | | | | | | | | |
| Board of Trustees of Chartwell Seniors Housing Real Estate Investment Trust (member of the Audit Committee and of the Investment Committee) | | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | | 12 out of 13 (92%) | | | 19 out of 21 (90%) | | | | |
| Risk Management Committee | | | 7 out of 8 (88%) | | | | | | | |
| 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 | Complies with minimum shareholding requirements for directors | | | |
| Jan. 30, 2013 | 4,132 | 635 | 4,767 | 44.35 | 211,416 | 5,000 | 95% | No | | |
| Jan. 25, 2012 | 3,558 | 0 | 3,558 | 47.21 | 167,973 | 5,000 | 71% | No | | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | | |
| \$77,500 | | | | | | | | | | |


| JEAN BAZIN, Q.C. | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | | | |
|---|--|------------|------------------------------|------------------|--|----------------------------------|---|-----|--|--|
|  | <p>Jean Bazin is Counsel at Fraser Milner Casgrain LLP, Barristers and Solicitors.</p> <p>Attorney since 1965, appointed Queen's Counsel in 1984 and a member of the Senate from 1986 to 1989, Jean Bazin chaired the Canadian Bar Association in 1987-1988 and the Quebec-Japan Business Forum in 1999. He sat on the Board of Directors of the Bank from 1990 to 2000 and was Chairman of the Board of its subsidiary B2B Trust from 2000 to 2002. Very active within the business community and various cultural organizations, Mr. Bazin serves on the Boards of Lambert Somec Inc., an electromechanical construction company, and of the Canadian Association of Former Parliamentarians. He is also Chairman of the Board of Investissement Québec.</p> | | | | | | | | | |
| | <p>Age: 72 Montreal, Quebec, Canada</p> <p>Director since September 1st, 2002 (and from 1990 to 2000)</p> <p>Independent</p> <p>Fields of expertise :</p> <ul style="list-style-type: none"> - Compliance - Corporate Governance - Human Resources - Mergers and Acquisitions - Business Development | | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | | |
| 5N Plus Inc. | | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | | 12 out of 13 (92%) | | | 19 out of 20 (95%) | | | | |
| Human Resources and Corporate Governance Committee | | | 7 out of 7 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | | |
| Jan. 30, 2013 | 5,588 | 589 | 6,177 | 44.35 | 273,950 | 5,000 | 124% | Yes | | |
| Jan. 25, 2012 | 4,803 | 358 | 5,161 | 47.21 | 243,651 | 5,000 | 103% | Yes | | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | | |
| \$77,500 | | | | | | | | | | |


| RICHARD BÉLANGER, FCPA, FCA | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|---|---|------------------------------------|------------------------------|------------------|--|----------------------------------|---|-----|--|
|  | <p>Richard Bélanger is President of Toryvel Group Inc., a holding company with investments mostly in the natural resources sector.</p> <p>A chartered accountant since 1980, Richard Bélanger was awarded the designation “Fellow” and the Prix Émérite by the Ordre des comptables professionnels agréés du Québec in 2004. Mr. Bélanger is a director of Toryvel Group Inc. and Doryfor Inc., a transportation company.</p> | | | | | | | | |
| | <p>Age: 55 Lac-Beauport, Quebec, Canada Director since March 20, 2003 Independent Fields of expertise : - Finance - Audit - Human Resources - Mergers and Acquisitions - Business Development</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | |
| Genivar Inc. (Principal Independent Director and member of the Audit Committee) | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | 12 out of 13 (92%) | | | 27 out of 28 (96%) | | | | |
| Audit Committee (Chair) | | 7 out of 7 (100%) | | | | | | | |
| Risk Management Committee | | 8 out of 8 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 5,000 | 216 | 5,216 | 44.35 | 231,330 | 5,000 | 104% | Yes | |
| Jan. 25, 2012 | 5,000 | 0 | 5,000 | 47.21 | 236,050 | 5,000 | 100% | Yes | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | |
| \$92,250 | | | | | | | | | |


| ISABELLE COURVILLE | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|---|---|------------------------------------|------------------------------|------------------|--|----------------------------------|---|-----|--|
|  | <p>Isabelle Courville is a corporate director. She was President of Hydro-Québec Distribution, the division of Hydro Québec in charge of its electricity distribution operations, until January 2013.</p> <p>Isabelle Courville is an engineer and a lawyer. From 2003 to 2006, she was President of Bell Canada's Enterprise business segment and from 2001 to 2003, President and Chief Executive Officer of Bell Nordiq Group (Télébec NorthernTel). She was recipient in 2005, 2006 and 2008 of Canada's Most Powerful Women: Top 100 Award of the Women's Executive Network and received in 2007 the McGill Management Achievement Award for her contribution to the business world and her community involvement. Ms. Courville serves on the Boards of École Polytechnique de Montréal. She also serves as Canadian member on the APEC (Asia Pacific Economic Cooperation) Business Advisory Council (ABAC).</p> | | | | | | | | |
| | <p>Age: 50 Montreal, Quebec, Canada Director since March 6, 2007 Independent Fields of expertise : - Finance - Technology - Corporate Governance - Human Resources - Business Development</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | |
| Does not serve on the Board of Directors of any public issuer other than the Bank | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | 13 out of 13 (100%) | | | 20 out of 20 (100%) | | | | |
| Human Resources and Corporate Governance Committee (Chair) | | 7 out of 7 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 4,416 | 5,126 | 9,542 | 44.35 | 423,188 | 5,000 | 191% | Yes | |
| Jan. 25, 2012 | 4,170 | 3,414 | 7,584 | 47.21 | 358,041 | 5,000 | 152% | Yes | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | |
| \$86,250 | | | | | | | | | |


| PIERRE GENEST | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|---|---|---|------------------------------|------------------|--|----------------------------------|---|-----|--|
|  | <p>Pierre Genest is Chairman of the Board of SSQ, Life Insurance Company Inc.</p> <p>Educated in actuarial sciences, Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries (USA), Pierre Genest was, from 1994 to 2001, President and General Manager of SSQ Financial Group. From 2002 to 2006, he was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.). Mr. Genest serves on the Boards of Professionals' Financial Inc., of Socodevi: Société de coopération pour le développement international, and of Conseil québécois de la coopération et de la mutualité. He is also Chairman of the Board of PFT Management Inc., a timber processing company.</p> | | | | | | | | |
| | <p>Age: 66 Quebec City, Quebec, Canada</p> <p>Director since March 7, 2006</p> <p>Independent</p> <p>Fields of expertise : - Finance - Compliance - Pension Plan Management - Risk Management - Business Development</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | Does not serve on the Board of Directors of any public issuer other than the Bank | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | 10 out of 13 (77%) | | | 18 out of 21 (86%) | | | | |
| Risk Management Committee (Chair) | | 8 out of 8 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 7,769 | 216 | 7,985 | 44.35 | 354,135 | 5,000 | 160% | Yes | |
| Jan. 25, 2012 | 6,534 | 0 | 6,534 | 47.21 | 308,470 | 5,000 | 131% | Yes | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | \$86,250 | | | | | | | |


| MICHEL LABONTÉ | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|--|---|---|------------------------------|------------------|--|----------------------------------|---|----|--|
|  | <p>Michel Labonté is a corporate director.</p> <p>Mr. Labonté was involved for over thirteen years with the National Bank of Canada, including as Senior Vice-President, Finance and Control (1993-2002). In 2002, he was appointed Senior Vice-President, Finance and Technology and named to the Bank's Executive Committee. In 2003, he was promoted to Senior Vice-President, Finance, Technology and Corporate Affairs, a position held until 2005. From 2005 to his retirement in 2006, Mr. Labonté served as an executive advisor. From March 2007 until November 2008, he acted as a financial consultant. Mr. Labonté holds the ICD.D designation of the Institute of Corporate Directors. He serves on the Boards of Otéra Capital, a subsidiary of the Caisse de dépôt et placement du Québec, and chairs its Audit and Risk Management committees. He is also a director of the Canadian International Organ Competition.</p> | | | | | | | | |
| | <p>Age: 67 Montreal, Quebec, Canada</p> <p>Director since March 10, 2009</p> <p>Independent</p> <p>Fields of expertise : - Finance - Technology - Risk Management - Corporate Governance - Accounting Rules</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | Métro inc. (President of the Audit Committee) | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | 12 out of 13 (92%) | | | 20 out of 21 (95%) | | | | |
| Risk Management Committee | | 8 out of 8 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 681 | 2,244 | 2,925 | 44.35 | 129,724 | 5,000 | 59% | No | |
| Jan. 25, 2012 | 681 | 1,170 | 1,851 | 47.21 | 87,386 | 5,000 | 37% | No | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | \$77,500 | | | | | | | |


| A. MICHEL LAVIGNE, FCPA, FCA | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|--|---|------------------------------------|------------------------------|------------------|--|----------------------------------|---|-----|--|
|  | <p>A. Michel Lavigne is a corporate director.</p> <p>Fellow of the Ordre des comptables professionnels agréés du Québec and member of the Canadian Institute of Chartered Accountants, Mr. Lavigne was from 1986 to 2005 partner at Raymond Chabot Grant Thornton, of which he was President and Chief Executive Officer from 2001 to 2005. Mr. Lavigne serves on the Board of Caisse de dépôt et placement du Québec where he chairs the Audit Committee and is an invited member of the Risk Management Committee (mandate ending on March 12, 2013). Member of the Compensation Committee of Quebecor Media Inc., he is also member of the Audit Committee of the corporation and its subsidiaries. He is a member of the Board of Canada Post Corporation (Chair of the Pension Committee and member of the Audit Committee). He is also Chairman of the Board and Chair of the Audit Committee of TeraXion Inc., a leading-edge photonic solutions provider for high-end optical communications applications, industrial lasers and optical sensing markets.</p> | | | | | | | | |
| | <p>Age: 62 Laval, Quebec, Canada Director since - Independent Fields of expertise : - Finance - Audit - Risk Management - Corporate Governance - Accounting Rules</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | |
| TVA Group (member of the Audit Committee) | | | | | | | | | |
| Primary Energy Recycling Corporation (Chairman of the Board and member of the Audit Committee) | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| 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 | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 0 | n/a | 0 | 44.35 | 0 | n/a | n/a | n/a | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | |
| n/a | | | | | | | | | |

| JACQUELINE C. ORANGE | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|--|--|------------------------------------|------------------------------|------------------|--|----------------------------------|---|-----|--|
|  | <p>Jacqueline C. Orange is a corporate director.</p> <p>In her 20-year career as a financial services executive, Ms. Orange has held a variety of senior positions in the banking, trust and life insurance industries. From 1996 to 2005, she was President and Chief Executive Officer of Canada Investment and Savings, a special operating agency of the Department of Finance, Government of Canada. Actively involved in her community, she has served on the Boards of various health care, cultural and educational organizations. She was a Governor of the University of Toronto (1999-2008) and Chair of its Business Board (2003-2007). She currently is a member of the Independent Review Committee of First Trust Portfolios Canada and a member of the Public Accountants Council of the Province of Ontario (member of the Audit Committee). Ms. Orange holds a master's degree in business administration and the ICD.D designation of the Institute of Corporate Directors.</p> | | | | | | | | |
| | <p>Age: 68 Toronto, Ontario, Canada Director since March 11, 2008 Independent Fields of expertise : - Finance - Corporate Governance - Banking Services - Insurance - Marketing</p> | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | |
| Does not serve on the Board of Directors of any public issuer other than the Bank | | | | | | | | | |
| MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | 13 out of 13 (100%) | | | 20 out of 20 (100%) | | | | |
| Audit Committee | | 7 out of 7 (100%) | | | | | | | |
| SECURITIES HELD | | | | | | | | | |
| Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors | | |
| Jan. 30, 2013 | 5,282 | 216 | 5,498 | 44.35 | 243,836 | 5,000 | 110% | Yes | |
| Jan. 25, 2012 | 5,234 | 0 | 5,234 | 47.21 | 247,097 | 5,000 | 105% | Yes | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | |
| \$77,500 | | | | | | | | | |

| MARIE-FRANCE POULIN | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|---|--|--|---------------------|---------------------|------------------------------|---------------------------|--|----------------------------------|---|
|  | <p>Marie-France Poulin is Vice-President of Camada Group Inc., a family-owned investment business.</p> <p>Ms. Poulin held various positions within the family-owned business, Maax Inc., from 1987 to 2004. She is also Vice-President of Kalia Inc., a manufacturer of bathroom accessories. Ms. Poulin serves on the Boards of the following companies: Industrial Alliance, Auto and Home Insurance Inc. (member of the Audit Committee), Industrial Alliance Pacific General Insurance Corporation (member of the Audit Committee), Immoqa Inc., a real estate management company, Festival d'été de Québec (Chair for 2009-2010), Port of Quebec (Chair of the Audit Committee and member of the Governance Committee), Gestion du Fier Entrepreneur Inc., an investment company, and Hydro-Québec (Chair of the Human Resources Committee and member of the Ethics and Governance Committee). She holds a university certification from the Collège des administrateurs de sociétés.</p> | | | | | | | | |
| | <p>Age: 50 Quebec, Quebec, Canada Director since October 9, 2009 Independent Fields of expertise : - Corporate Governance - Human Resources - Mergers and Acquisitions - Marketing - Business Development</p> | | | | | | | | |
| | | <p>MEMBER OF THE BOARD OF PUBLIC ISSUERS</p> <p>Does not serve on the Board of Directors of any public issuer other than the Bank</p> | | | | | | | |
| | | MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | ATTENDANCE (TOTAL) | | | |
| | | Board of Directors | | 13 out of 13 (100%) | | 20 out of 20 (100%) | | | |
| | | Human Resources and Corporate Governance Committee | | 7 out of 7 (100%) | | | | | |
| | | SECURITIES HELD | | | | | | | |
| | | Date | Total common shares | Total DSUs | Total common shares and DSUs | Share value (\$) | Total value of common shares and DSUs (\$) | Minimum requirements shares/DSUs | Complies with minimum shareholding requirements for directors |
| | | Jan. 30, 2013 | 4,344 | 1,630 | 5,974 | 44.35 | 264,947 | 5,000 | 119% Yes |
| | | Jan. 25, 2012 | 3,772 | 1,358 | 5,130 | 47.21 | 242,187 | 5,000 | 103% Yes |
| | | VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | |
| | | \$77,500 | | | | | | | |

| RÉJEAN ROBITAILLE, FCPA, FCA | | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | |
|--|--|--|--|---------------------|--|---------------------------|--|--|--|
|  | <p>Réjean Robitaille is President and Chief Executive Officer of the Bank.</p> <p>Fellow of the Ordre des comptables professionnels agréés du Québec, Mr. Robitaille has in-depth knowledge of the Bank as he held a variety of positions since 1988, including Senior Vice-President and Treasurer, Executive Vice-President, Retail Financial Services and Senior Executive Vice-President, Retail and Commercial Financial Services. From June to December 2006, he held the position of Senior Executive Vice-President and Chief Operating Officer and became President and Chief Executive Officer of the Bank on December 13, 2006.</p> | | | | | | | | |
| | <p>Age: 52 Montreal, Quebec, Canada Director since December 13, 2006 Not independent (officer of the Bank) Fields of expertise : - Finance - Risk Management - Accounting Rules - Banking Services - Business Development</p> | | | | | | | | |
| | | <p>MEMBER OF THE BOARD OF PUBLIC ISSUERS</p> <p>Does not serve on the Board of Directors of any public issuer other than the Bank</p> | | | | | | | |
| | | MEMBER OF BOARD/COMMITTEES | | ATTENDANCE | | ATTENDANCE (TOTAL) | | | |
| | | Board of Directors | | 13 out of 13 (100%) | | 13 out of 13 (100%) | | | |
| | | SECURITIES HELD | | | | | | | |
| | | Mr. Robitaille's holding of shares and share units are detailed on page 28 of this Circular | | | | | | | |
| | | VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | |
| | | Mr. Robitaille does not receive any compensation as director | | | | | | | |

| MICHELLE R. SAVOY | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | | | |
|---|---|------------|------------------------------|------------------|--|----------------------------------|---|-----|---|--|
|  | <p>Michelle R. Savoy is a corporate director.</p> <p>Ms. Savoy brings over 25 years' experience and extensive knowledge of the financial services industry, including investment management and capital markets. From 1998 to 2011, she held numerous executive positions with The Capital Group of Companies, a global investment management organization, including President of Capital Guardian (Canada) Inc. (2003-2011). Prior thereto, she spent almost two years as an executive recruiter with Spencer Stuart and Associates, Inc. Her earlier experience includes more than a decade with CIBC Wood Gundy, where she ultimately served as Managing Director, Global Head of Fixed Income Sales. She is currently a director of the Canadian Scholarship Trust Foundation, one of Canada's largest and most experienced group education savings plan providers, and chairs its Investment Committee.</p> | | | | | | | | | |
| | <p>Age: 53 Toronto, Ontario, Canada</p> <p>Director since March 20, 2012</p> <p>Independent</p> <p>Fields of expertise :</p> <ul style="list-style-type: none"> - Pension Plan Management - Risk Management - Human Resources - Derivatives - Securities | | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | Does not serve on the Board of Directors of any public issuer other than the Bank | |
| MEMBER OF BOARD/COMMITTEES | | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | | 7 out of 7 (100%) | | | 9 out of 10 (90%) | | | | |
| Audit Committee | | | 2 out of 3 (67%) | | | | | | | |
| 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 | Complies with minimum shareholding requirements for directors | | | |
| Jan. 30, 2013 | 926 | 321 | 1,247 | 44.35 | 55,304 | 5,000 | 25% | No | | |
| Jan. 25, 2012 | 0 | n/a | 0 | 47.21 | 0 | n/a | n/a | n/a | | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | | |
| \$54,423 | | | | | | | | | | |

| JONATHAN I. WENER, C.M. | SUMMARY OF PROFESSIONAL EXPERIENCE | | | | | | | | | |
|--|--|------------|------------------------------|------------------|--|----------------------------------|---|-----|---|--|
|  | <p>Jonathan I. Wener is Chairman of the Board of Canderel Management Inc., a commercial real estate management company.</p> <p>Member of the Order of Canada, Jonathan Wener, a renowned real estate expert, has vast experience in the commercial, industrial, residential, recreational and hotel sectors. Associated for over 35 years with the success of Canderel Management, Mr. Wener contributes to the well-being of his community through his involvement in numerous professional associations and charitable organizations. Mr. Wener also serves on several Boards, including those of The Montreal Museum of Fine Arts Foundation, the Fraser Institute, the Goodman Cancer Research Center, The Jewish General Hospital and the Festival des Arts de Saint-Sauveur.</p> | | | | | | | | | |
| | <p>Age: 62 Hampstead, Quebec, Canada</p> <p>Director since January 22, 1998</p> <p>Independent</p> <p>Fields of expertise :</p> <ul style="list-style-type: none"> - Finance - Risk Management - Mergers and Acquisitions - Credit - Marketing | | | | | | | | | |
| MEMBER OF THE BOARD OF PUBLIC ISSUERS | | | | | | | | | Silanis Technologies Inc. (AIM Exchange [London]) | |
| MEMBER OF BOARD/COMMITTEES | | | ATTENDANCE | | | ATTENDANCE (TOTAL) | | | | |
| Board of Directors | | | 12 out of 13 (92%) | | | 18 out of 21 (86%) | | | | |
| Risk Management Committee | | | 6 out of 8 (75%) | | | | | | | |
| 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 | Complies with minimum shareholding requirements for directors | | | |
| Jan. 30, 2013 | 7,175 | 216 | 7,391 | 44.35 | 327,791 | 5,000 | 148% | Yes | | |
| Jan. 25, 2012 | 6,604 | 0 | 6,604 | 47.21 | 311,775 | 5,000 | 132% | Yes | | |
| VALUE OF TOTAL COMPENSATION RECEIVED DURING THE 2012 FISCAL YEAR | | | | | | | | | | |
| \$77,500 | | | | | | | | | | |

PART D – COMPENSATION OF DIRECTORS

COMPENSATION STRUCTURE

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

| | Annual compensation in force until April 30, 2012 | Annual compensation in force as of May 1 st , 2012 |
|--|---|---|
| Per annum fixed compensation for all directors | \$60,000 | \$85,000 (\$10,000 of which is paid in deferred share units) |
| Per annum fixed compensation for the Chairman of the Board | \$100,000 | \$115,000 |
| Per annum fixed compensation for the Chair of a permanent committee | \$7,500 | \$10,000 |
| Per annum fixed compensation for a director sitting on more than one committee, except the Chairman of the Board | \$6,000 | \$6,000 |

Directors receive no other fee for attending board or committees meetings. Directors who are required to participate on behalf of the Bank in special internal or external committees, working groups or training sessions offered by the Bank receive for this purpose an additional compensation of \$1,200 per meeting or training session. During the last fiscal year, no director received compensation of this nature.

Directors who are officers of the Bank are not entitled to any compensation as directors. Directors are entitled to the reimbursement of their hotel and travel expenses upon presentation of supporting evidence.

Director compensation is paid in each quarter from the amounts attributed by By-Law XII of the General By-Laws of the Bank.

COMPENSATION IN THE FORM OF SHARES OR DSUs

Since May 1st, 2012, each director must receive a portion of his or her annual compensation (namely the equivalent of \$10,000) in deferred share units (DSUs). This grant of DSUs is made yearly following publication of the results of the third quarter.

Furthermore, a director may yearly elect to receive all or part of his or her compensation in the form of issued common shares of the Bank and/or DSUs. This election may be changed at any time and takes effect on the next quarterly compensation payment date. The Human Resources and Corporate Governance Committee may at its discretion allow directors to adhere to the DSU plan at other times during the year.

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

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

HOLDING OF SHARES AND DSUs

Each director must hold at least 5,000 common shares of the Bank and/or DSUs. Until this threshold is reached, at least 50% of the director's compensation is used to acquire shares and/or DSUs. As at January 30, 2013, all directors exceeded the target ownership level of 5,000 common shares and/or DSUs, except for Mr. Ancil (87% of the objective reached), Ms. Bastarache (95% of the objective reached), Mr. Labonté (59% of the objective reached) and Ms. Savoy (25% of the objective reached). The number of shares and DSUs held by each proposed nominee for election as director is indicated in Part C - "Director Nominees" of this Circular. Mr. Robitaille is subject to minimum shareholding requirements as President and Chief Executive Officer of the Bank, as described in Part E - "Executive Compensation" of this Circular.

Members of the Board of Directors of the Bank (with the exception of the President and Chief Executive Officer) are not eligible for the *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*, which is the only stock option plan in force at the Bank, nor for any other incentive compensation programs in force at the Bank.

DIRECTOR COMPENSATION TABLE

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

| Name | Fees earned (\$) (Note 3) | Share- based Awards (\$) | Option- based Awards (\$) | Non-equity Incentive Plan Compensation (\$) | Pension Value (\$) (Note 4) | All Other Compensation (\$) | Total (\$) |
|----------------------------|---------------------------------|-----------------------------------|------------------------------------|--|--------------------------------------|-----------------------------------|---------------|
| Pierre Anctil | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Lise Bastarache | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Jean Bazin | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Richard Bélanger | 92,250 | 0 | 0 | 0 | 0 | 0 | 92,250 |
| Ève-Lyne Biron (Note 1) | 23,167 | 0 | 0 | 0 | 0 | 0 | 23,167 |
| Isabelle Courville | 86,250 | 0 | 0 | 0 | 0 | 0 | 86,250 |
| L. Denis Desautels | 185,000 | 0 | 0 | 0 | 0 | 0 | 185,000 |
| Pierre Genest | 86,250 | 0 | 0 | 0 | 0 | 0 | 86,250 |
| Michel Labonté | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Jacqueline C. Orange | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Marie-France Poulin | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |
| Réjean Robitaille (Note 2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michelle R. Savoy (Note 1) | 54,423 | 0 | 0 | 0 | 0 | 0 | 54,423 |
| Jonathan I. Wener | 77,500 | 0 | 0 | 0 | 0 | 0 | 77,500 |

Note 1: Ms. Biron ceased to be a director and Ms. Savoy became a director as of March 20, 2012.

Note 2: Mr. Robitaille does not receive any compensation as director of the Bank.

Note 3: These amounts include per annum fixed compensation for all directors, per annum fixed compensation for the Chairman of the Board (in the case of Mr. Desautels), per annum fixed compensation for the Chair of a permanent committee (in the case of Messrs. Bélanger and Genest and Ms. Courville) and per annum fixed compensation for a director sitting on more than one committee (in the case of Mr. Bélanger).

As indicated above, since May 1st, 2012, each director must receive a portion of his or her annual compensation (namely the equivalent of \$10,000) in DSUs. Directors may also elect to receive all or part of their compensation in the form of shares and/or DSUs instead of in cash. Furthermore, until the target ownership level of shares and/or DSUs is reached, at least 50% of the director's compensation is used to acquire shares and/or DSUs. Shares and DSUs are not awarded in addition to per annum fixed compensation and do not constitute awards made under an incentive plan. During the 2012 fiscal year, Mr. Anctil, Ms. Bastarache, Mr. Labonté and Ms. Savoy received all or part of their per annum fixed compensation in the form of shares and/or DSUs as they had not reached the target ownership level of 5,000 common shares and/or DSUs. Furthermore, Ms. Courville elected to receive all her compensation in the form of DSUs and Mr. Genest elected to receive all his compensation in the form of shares.

Note 4: Directors are not eligible as such for the Bank's pension plans.

PART E – EXECUTIVE COMPENSATION

For purposes of this Part of the Circular, “executive officers” means the President and Chief Executive Officer of the Bank and the persons in charge of a principal business unit of the Bank or performing a policy-making function within the Bank. “Named Executive Officers” are the President and Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of the Bank, including any of its subsidiaries, at the end of the 2012 fiscal year, as prescribed in *National Instrument 51-102 – Continuous Disclosure Obligations*.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains all significant elements of compensation paid, made payable, awarded, granted, given or otherwise provided to the Named Executive Officers for the 2012 fiscal year, and the decision-making process relating to compensation. It includes an overview of the way in which the Bank’s financial results affected executive compensation. The objectives of the various executive compensation plans, a description of the different components of executive compensation, and certain other applicable terms and conditions are also explained.

This year, several changes were made to executive compensation disclosure, most notably following requests made by shareholders, including the proposal submitted at the last annual meeting of shareholders by NEI Investments regarding metrics used for executive compensation.

Review of the 2012 Fiscal Year

In fiscal 2012, the Bank successfully improved its earnings year-over-year, despite the challenging retail banking and low interest rate environment. During the year, organic growth in loan and deposit volumes and the Bank’s business acquisitions of the MRS Companies¹ and AGF Trust Company (AGF Trust) generated strong revenue growth and diversification, which compensated for the persistent pressure on net interest margins resulting from the very low interest rate environment. The excellent credit quality of the Bank’s loan portfolios and favourable credit conditions in Canada throughout the year also contributed to these results.

The Bank maintained a strong financial position throughout the year and prudently managed its capital in light of the recent acquisitions and significant balance sheet growth. With sound liquidity and capital management, the Bank remains well positioned to pursue its growth initiatives and to meet new regulatory requirements.

On a financial level, adjusted² net income was \$140.7 million, up 8% year-over-year, and adjusted² return on common shareholders’ equity was 12.0%. Adjusted² diluted earnings per share totalled \$4.98 in 2012 compared to \$4.93 in 2011, a \$0.05 increase.

The following table presents management’s financial objectives for 2012 and the Bank’s performance. These financial objectives are based on the assumptions noted in the Bank’s 2011 Annual Report under the title “Key assumptions supporting the Bank’s objectives”.

| Performance indicators | 2012 Objectives | 2012 Results |
|---------------------------------------|------------------|------------------|
| Return on common shareholders’ equity | 11.0% to 13.5% | 12.1% (12.0%*) |
| Diluted earnings per share | \$4.80 to \$5.40 | \$4.98 (\$4.98*) |
| Revenue growth | > 5% | 8% |
| Efficiency ratio | 73% to 70% | 75.9% (73.1%*) |

* adjusted² measures

To determine the Bank’s short-term financial objective for purposes of the Short-Term Incentive Compensation Program, the Human Resources and Corporate Governance Committee (the “HR Committee”) decided to use the adjusted return on common shareholders’ equity as it better reflected the achievement of the Bank’s 2012 objectives, which are intended to create long-term value. For the 2012 fiscal year, the Bank’s adjusted return on common shareholders’ equity reached 12.0%, in line with expectations. Consequently, the bonus payable under the program was calculated with a Bank Short-Term Financial Factor of 100%.

Further detail on the Bank’s financial performance during the 2012 fiscal year can be found in the “Management’s Discussion and Analysis” section of the Bank’s 2012 Annual Report. Further detail on the Bank’s Short-Term Incentive Compensation Program can be found in the “Components of Overall Executive Compensation” section hereinafter.

¹ The MRS Companies include: M.R.S. Inc., M.R.S. Trust Company, M.R.S. Securities Services Inc. and M.R.S. Correspondent Corporation.

² The adjusting items are essentially related to costs and revenues related to the Bank’s recent business combination activities, as more fully described at page 35 of the Bank’s 2012 Annual Report under the heading “Adjusting Items”.

Executive Compensation Policy

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

The objectives of the Policy are to:

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

In general, the Policy aims to position target compensation for each element of executive compensation at the median of the reference group (described below). The Policy also requires a balance between variable and fixed compensation, as more fully described below.

The Policy is reviewed annually by the HR Committee. As further discussed below, the Committee made certain changes to compensation plans in 2011 and 2012.

Governance

The HR Committee is responsible for supervising all aspects of the management of the Bank’s human resources, including all elements related to compensation. With respect to compensation, the HR Committee approves the Policy, compensation plans, salary increases for executive officers, grants under stock option, stock appreciation right and share unit plans, as well as the bonuses paid under the Short-Term Incentive Compensation Program. The HR Committee examines, jointly with the Risk Management Committee, the risk analysis of the compensation programs. In addition, the HR Committee discusses on a yearly basis the performance evaluations of those reporting directly to the President and Chief Executive Officer. In the case of the President and Chief Executive Officer, the Board of Directors discusses his performance evaluation and, upon the recommendation of the HR Committee, determines his salary, grants under option, stock appreciation right and share unit plans and the bonus paid under the Short-Term Incentive Compensation Program.

The HR Committee’s role is described in greater detail in some of the following sections. The HR Committee’s mandate and its report for the 2012 fiscal year can be found respectively in Schedule E to this Circular and in Part F - “Corporate Governance” of this Circular.

The members of the HR Committee are: Isabelle Courville (Chair), Jean Bazin, L. Denis Desautels and Marie-France Poulin. All members are independent within the meaning of *National Instrument 52-110 - Audit Committees*.

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

Isabelle Courville (Chair):

- President of Hydro-Québec Distribution, a division of Hydro-Québec with approximately 7,500 employees, from March 2011 to January 2013;
- President of Hydro-Québec TransÉnergie, a division of Hydro-Québec with approximately 3,500 employees, from 2007 to 2011;
- President of Bell Canada’s Enterprise Group, a division of Bell Canada with approximately 5,000 employees, from 2003 to 2006;
- Chair of the Human Resources Committee of Miranda Technologies Inc. from 2006 to 2012;
- member of the HR Committee since 2008 and Chair since 2009.

Jean Bazin:

- member of the Quebec Bar since 1965, with a practice specialized in labour law;
- member of the Human Resources Committee of Petro-Canada from 1984 to 1986;
- member of the Compensation and Human Resources Committee of Bradley Air Services Inc. (First Air) from 1991 to 2007;
- member of the Human Resources Committee and the Ethics and Governance Committee of Société générale de financement du Québec from 2004 to 2010;
- member of the Human Resources and Corporate Governance Committee of Miranda Technologies Inc. from 2004 to 2012;
- member of the HR Committee since March 2011.

L. Denis Desautels:

- Auditor General of Canada from 1991 to 2001;
- partner of Ernst & Young from 1973 to 1991;
- member of the Human Resources and Compensation Committee of Jean Coutu Group (PJC) Inc. since 2011;
- member of the HR Committee since 2003.

Marie-France Poulin:

- obtained a certification from the Collège des administrateurs de sociétés in 2007;
- held several managerial and executive positions within the family-owned businesses Modern Fibreglass Inc., Maax Inc., Camada Group and Kalia Inc. since 1985;
- Chair of the Human Resources Committee and member of the Ethics and Governance Committee of Hydro-Québec since 2004;
- Chair of the Governance Committee of Université Laval from 2008 to 2012;
- member of the Governance Committee of the Port of Quebec since July 2012;
- member of the HR Committee since 2009.

Based on the above, the Board believes that, in the aggregate, the members of the HR Committee have the skills and experience that enable the HR Committee to make decisions on the suitability of the Bank's compensation policies and practices.

Reference Group

The companies that make up the reference group are selected with a view to represent the Bank's primary comparison market as well as its recruitment pool. The selection criteria used are the following:

- companies in the banking and financial services sectors;
- publicly-traded;
- comparable clientele;
- comparable business activities;
- comparable employee profile.

A single reference group is used to assess market value of overall executive compensation. The reference group was revised in 2012 following a compensation study by the Hay Group. The number of companies comprising the reference group was reduced from 26 to 25 to reflect changes in the sample of businesses available in the Hay Group's database. The reference group currently encompasses the following 25 companies:

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

Prior to conducting any study on executive compensation, the HR Committee reviews the list of criteria and companies to be surveyed. The HR Committee believes that the criteria used are relevant as the reference group includes most important financial services companies in Canada, but is not limited to banks, thus reflecting the diversity of the Bank's business model.

In addition, for purposes of measuring performance under the Performance Share Units Plan (described below), a comparator group is used, namely the XFN -S&P/TSX Capped Financials Index Fund, which comprises Canadian financial sector issuers listed on the Toronto Stock Exchange. Further information is provided below in the section regarding this plan.

External Advisors

The Policy provides that external advisors are mandated to analyze and compare the target total compensation of executive officers of the Bank with that paid within the reference group. In this analysis, the external advisors make appropriate adjustments in accordance with their methodology to take into consideration the relative size of the Bank as well as differences in responsibility levels among executive officers of companies that form part of the reference group.

In 2010-2011 a compensation study was conducted by the Hay Group on the positioning of the Bank's executive compensation. This study was based on 2010 market data. The purpose of this study was to refine the Bank's approach to executive compensation, to ensure the evolution and optimal calibration of the compensation programs as well as to ensure the competitiveness of compensation. This study led, among other things, to the review of the Short-Term Incentive Compensation Program and of the Performance Share Unit Plan, to which certain changes were made in 2011 as more fully

described below. The HR Committee also took into consideration the conclusions of this study for determining executive compensation for the 2012 fiscal year. The purpose of these changes was to make up part of the gap between executive compensation and the median of the reference market. This gap occurred mainly in incentive compensation.

In compliance with its practice of conducting a study on the positioning of the Bank's executive compensation every two years, a new study was requested from the Hay Group in 2012 based on 2012 market data. This study showed that a significant gap still existed with respect to incentive compensation. This led to a review of the Short-Term Incentive Compensation Program and the Performance Share Unit Plan, as more fully described below.

The total fees paid by the Bank for all services rendered by external advisors to the Bank during the 2012 and 2011 fiscal years are as follows:

| Advisor (Note 1) | Executive Compensation-Related Fees (\$) (Note 2) | | All Other Fees (\$) (Note 3) | |
|---------------------|---|---------|------------------------------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| Towers Watson | 0 | 38,288 | 240,691 | 122,670 |
| Hay Group | 77,484 | 165,626 | 0 | 16,178 |

Note 1: Towers Perrin amalgamated with Watson Wyatt in January 2010 to form Towers Watson. The Bank has retained Towers Perrin every year since 2004. Prior to their merger, the Bank used Towers Perrin mostly for executive compensation work and Watson Wyatt mostly for other work. After the merger, the Bank continued using Towers Watson for both categories of work due to their knowledge of the Bank, but introduced a new service provider, the Hay Group, in 2010, for its expertise in the financial sector.

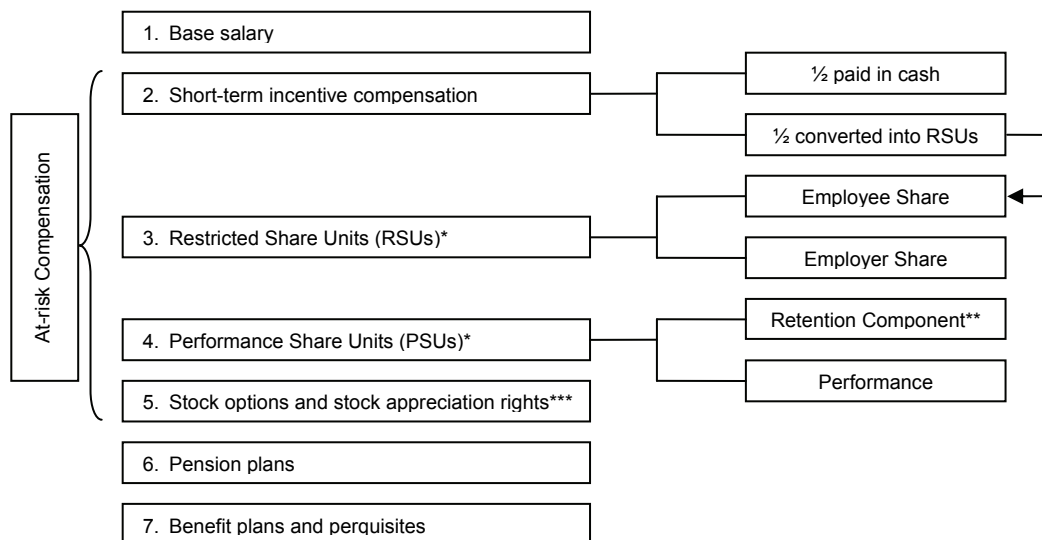
Note 2: The fees included in this category relate to the above-mentioned studies.

Note 3: The fees included in this category relate to employee training, review of employee compensation and benefits programs and assessment of the employee recognition program.

The HR Committee is not required to pre-approve services provided by external advisors, but does not believe that the amounts paid to such advisors and the nature of their work pose a risk of conflict of interest.

Components of Overall Executive Compensation

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



Differences applicable to the compensation of the President and Chief Executive Officer of Laurentian Bank Securities Inc. (LBS) are explained in the description of each component.

* RSUs and PSUs may be deferred, as explained below.

** The Retention Component was eliminated from the plan and is thus not applicable to awards made for the 2012 fiscal year and thereafter.

*** Granted on an ad hoc basis only.

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

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

* Specific provisions apply to the President and Chief Executive Officer of LBS, as more fully described below.

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

1. Base Salary

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

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

The HR Committee reviews the base salary of executive officers annually. For the 2012 fiscal year, the HR Committee did not award base salary increases to the Named Executive Officers, except for Mr. Desjardins, as indicated in the "Summary Compensation Table" hereinafter.

2. Short-Term Incentive Compensation

2.1 Program applicable to executive officers, except the President and Chief Executive Officer of LBS

This program covers all executive officers, except the President and Chief Executive Officer of LBS.

The main purpose of the Short-Term Incentive Compensation Program is to recognize the attainment of the following two objectives:

- short-term performance of the Bank; and
- sector-based yearly objectives.

The bonus under the program takes into account the following elements:

$$\text{Target Bonus} \times \text{Global Weighting Factor} = \text{Short-term incentive compensation}$$

The Target Bonus represents the annual base salary multiplied by a percentage established according to the hierarchical level of each officer, which varied in 2012 and 2011 from 50% to 60% in the case of an Executive Vice-President to 100% in the case of the President and Chief Executive Officer (the percentage for the 2010 fiscal year was 45% in the case of an Executive Vice-President and 75% in the case of the President and Chief Executive Officer). For 2013, the percentage in the case of an Executive Vice-President will vary from 55% to 60% and will remain unchanged for the President and Chief Executive Officer.

The Global Weighting Factor includes components to reward the attainment of annual results while maintaining a balance with sector-based results, client development, execution of projects and the strategic plan, maintenance of sound governance and risk management and human capital management. The components of the Global Weighting Factor are described below.

$$\left[\begin{array}{c} \text{Bank} \\ \text{Short-} \\ \text{Term} \\ \text{Financial} \\ \text{Factor} \\ \\ 0 - 150 \% \end{array} \right] \times \left[\begin{array}{c} \text{Attainment} \\ \text{of Sector-} \\ \text{Based} \\ \text{Financial} \\ \text{Results} \\ + \\ \text{Client} \\ \text{Development} \\ + \\ \text{Projects} \\ \text{and} \\ \text{Strategic} \\ \text{Plan} \\ + \\ \text{Governance} \\ \text{and Risk} \\ \text{Management} \\ + \\ \text{Human} \\ \text{Capital} \\ \text{Management} \\ \\ 0 - 150 \% \end{array} \right]$$

Bank Short-Term Financial Factor:

Dependent on the annual performance of the Bank based on the Bank's return on common shareholders' equity. The Financial Factor is derived from a target established by the Board of Directors at the beginning of the year to encourage Management to take into account all of the Bank's operations.

Sector-Based Financial Results:

The financial results of each business line or segment. For the President and Chief Executive Officer, these results include the Bank's financial objectives, excluding return on common shareholders' equity, which is part of the Bank Short-Term Financial Factor.

Client Development:

Client-related objectives such as business volume growth and other elements related to the customer base.

Projects and Strategic Plan:

Objectives related to the execution of projects and strategies with short-, medium- and long-term impacts.

Governance and Risk Management:

Objectives intended to drive sound governance and balanced management of the organization's overall risks.

Human Capital Management:

Objectives related to the behaviour of each executive officer as well as human capital performance, talent, succession and organizational climate management.

The Global Weighting Factor varies from 0% to 225% of the Target Bonus. As mentioned above, it is composed of two groups of factors, namely the Bank Short-Term Financial Factor and the group of individual factors named above (each group's weighting varies from 0% to 150%). The HR Committee may include in this factor any other element it deems appropriate.

The percentage applicable to the group of individual factors is determined according to the following scale:

| Short, medium and long term factors | | |
|-------------------------------------|--------------------|----------------------------|
| Above expectations | Meets expectations | Clearly below expectations |
| 150% | 50% - 110% | 0% |

Throughout the year, the degree of attainment of these objectives is reported by the officer to the President and Chief Executive Officer, who, at the end of the year, submits a written evaluation of the officers' performance to the HR Committee. The recommendations of the President and Chief Executive Officer regarding the officer's evaluation and the setting of his or her objectives for the ensuing year are then discussed and a decision is made by the HR Committee. The HR Committee based its assessment of the performance of the Named Executive Officers for the 2012 fiscal year (other than the President and Chief Executive Officer) on the level of attainment of the objectives specific to each officer. The HR Committee also takes into account special elements which occurred during the year, if any. The performance of the Named Executive Officers for the 2012 fiscal year is described in the "Performance and Total Compensation of Named Executive Officers" section hereinafter.

As for the President and Chief Executive Officer, the setting of his objectives as well as his evaluation are undertaken by the Board of Directors, upon the recommendation of the HR Committee. In setting the Global Weighting Factor for the President and Chief Executive Officer for the 2012 fiscal year, the Board of Directors considered the attainment of his objectives set at the beginning of the year, as well as other special elements which occurred during the year, as more fully described in the "Performance and Total Compensation of Named Executive Officers" hereinafter.

The amount of the annual bonus paid to the Named Executive Officers under the Short-Term Incentive Compensation Program varies from 0% to 225% of the Target Bonus, except in circumstances where no annual bonus is payable (namely, for 2012, if the return on common shareholders' equity had been below 8.5%). The HR Committee has authority to adjust bonus amounts if warranted by particular circumstances. For the 2012 fiscal year, bonuses paid to the Named Executive Officers were established according to the above criteria. The amount of bonuses paid to the Named Executive Officers for the 2012 fiscal year was approved by the HR Committee on December 4, 2012 and is disclosed under the heading "Performance and Total Compensation of Named Executive Officers" hereinafter.

The Named Executive Officers must convert 50% of their annual bonus into Restricted Share Units (RSUs), as explained below.

2.2 Program applicable to the President and Chief Executive Officer of LBS

The bonus for the President and Chief Executive Officer of LBS was established as a percentage of income before income taxes of LBS and of the Capital Markets sector of the Bank.

3. Restricted Share Units (RSUs)

3.1 Plan applicable to executive officers, except the President and Chief Executive Officer of LBS

The HR Committee adopted in 2005 the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*, which enables executive officers to convert 50% of their annual bonus into RSUs (this conversion is mandatory for Named Executive Officers). The Bank contributes an additional amount equal to 30% of the annual bonus, which amount is also converted into RSUs. The number of RSUs awarded is based on the share price on the date of the award (as more fully described in the "Summary Compensation Table" hereinafter). Each participant must elect at the beginning of the year whether he or she wishes to participate in the standard version of the plan (under which accumulated amounts are paid at the expiration of a three-year vesting period from the date of award) or the deferred version of the plan (under which accumulated amounts are paid at the time the officer leaves the Bank). The plan also provides for the reinvestment of dividend equivalents on all units granted until their redemption. No RSUs are awarded to an officer in the event that he or she is not entitled to an annual bonus under the Short-Term Incentive Compensation Program.

The amount of RSUs awarded for the 2012 fiscal year to the Named Executive Officers and the number of RSUs held by the Named Executive Officers for purposes of the minimum shareholding requirements are disclosed under the heading "Performance and Total Compensation of Named Executive Officers" hereinafter.

3.2 Plan applicable to the President and Chief Executive Officer of LBS

The President and Chief Executive Officer of LBS participates in the deferred compensation plan applicable to the Capital Markets sector. Under this plan, 30% of the annual bonus paid to him, between \$75,000 and \$500,000, as well as 40% of any amount in excess thereof, is converted into RSUs. This plan does not provide for any employer contribution and a third of the RSUs are redeemed at each of the three first anniversary dates of the grant. This program enables sound risk management and alignment with the interest of shareholders.

4. Performance Share Units (PSUs)

In order to ensure that the Bank remains competitive with respect to medium-term incentive compensation, the HR Committee adopted in May 2007 an incentive compensation plan entitled *Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*.

The PSU plan was amended in 2011 and 2012 to better reflect market practice and to integrate proposals made by shareholders. The main changes brought by these amendments are the elimination of the plan's retention component, the use of total shareholder return instead of return on common shareholders' equity to determine the performance objective and the increase of award targets as percentages of base salary. The amended PSU plan applies to awards made for the 2012 fiscal year and thereafter.

4.1 Original PSU Plan

The original PSU plan is applicable to awards made in December 2010 and prior thereto (made for the 2011 fiscal year and prior thereto).

PSUs are awarded at the HR Committee's discretion, but are generally awarded yearly based on the following formula:

$$\frac{\text{Officer's annual base salary} \times (\text{Retention Component \%}^* + \text{Maximum Performance Component \%}^{**})}{\text{Share price}^{***}}$$

* The Retention Component % varies from 20% in the case of an Executive Vice-President to 37.5% in the case of the President and Chief Executive Officer (in the case of the President and Chief Executive Officer of LBS, the Retention Component % was 12.5% for 2010 and 15% for 2011).

** The Maximum Performance Component % varies from 30% in the case of an Executive Vice-President to 56.25% in the case of the President and Chief Executive Officer (in the case of the President and Chief Executive Officer of LBS, the Maximum Performance % was 20% for 2010 and 22.5% for 2011) (as PSUs are subject to public disclosure obligations, the Maximum Performance % is used rather than a Target Performance % to ensure full and appropriate disclosure).

*** Share price on the date of the award (as more fully described in the "Summary Compensation Table" hereinafter).

In order to encourage retention, the units awarded related to the Retention Component will vest if the executive officer is still employed with the Bank three years after the award. The units related to the Performance Component will vest if, over the course of the three years following the award, the Bank reaches the maximum performance objective approved by the HR Committee at the time of the award. For purposes of the plan only, the HR Committee sets a target performance objective at an average return on common shareholders' equity over the three-year return period, as well as a minimum objective equal to 90% of the target performance objective and a maximum objective equal to 125% of the target performance objective. The total number of units vested will thus vary according to the degree of attainment of the target performance objective, up to the maximum objective. The units that do not vest are cancelled. Furthermore, if the minimum objective is not reached, units related to the Performance Component do not vest and are cancelled.

Furthermore, each participant must elect at the beginning of the year whether he or she wishes to participate in the standard version of the plan (under which accumulated amounts are paid at the expiration of a three-year period from the date of award) or the deferred version of the plan (under which accumulated amounts are paid at the time the officer leaves the Bank). The participant must elect the deferred version of the plan until he or she reaches the minimum shareholding requirements, as disclosed under the heading "Minimum Shareholding Requirements" hereinafter. The plan also provides for the reinvestment of dividend equivalents on all share units until their redemption.

4.2 Amended PSU Plan

The amended PSU plan is applicable to awards made from December 2011 onward (made for the 2012 fiscal year and thereafter).

PSUs are awarded at the HR Committee's discretion, but are generally awarded yearly based on the following formula:

$$\frac{\text{Officer's annual base salary} \times \text{Maximum Performance \%}^*}{\text{Share price}^{**}}$$

* For the 2012 fiscal year, the Maximum Performance % varies from 75% of base salary (116.88% for the 2013 fiscal year) in the case of an Executive Vice-President to 150% (337.5% for the 2013 fiscal year) in the case of the President and Chief Executive Officer (as PSUs are subject to public disclosure obligations, the Maximum Performance % is used rather than a Target Performance % to ensure full and appropriate disclosure).

** Share price on the date of the award (as more fully described in the "Summary Compensation Table" hereinafter).

The total number of units vested is a percentage, varying from 75% to 125%, of the number of units that would have been awarded at the Target Performance % (for the 2012 fiscal year, the Target Performance % varies from 60% (93.5% to 132% for the 2013 fiscal year) of annual base salary in the case of an Executive Vice-President to 120% (270% for the 2013 fiscal year) in the case of the President and Chief Executive Officer. The formula used to determine such percentage is as follows:

$$\frac{(\text{Laurentian Bank average three-year annual total shareholder return}^* - \text{comparator group}^{**} \text{ average three-year annual total shareholder return}^*)}{\text{comparator group}^{**} \text{ average three-year annual total shareholder return}^*} \times 3 + 100\%$$

* The annual total shareholder return is equal to the share price at the end of the period minus the share price at the beginning of the period plus paid dividends, the whole divided by the share price at the beginning of the period.

** The comparator group is defined as the XFN - S&P/TSX Capped Financials Index Fund comprised of Canadian financial sector issuers listed on the Toronto Stock Exchange.

The units that do not vest are cancelled.

Furthermore, each participant must elect at the beginning of the year whether he or she wishes to participate in the standard version of the plan (under which accumulated amounts are paid at the expiration of a three-year period from the date of award) or the deferred version of the plan (under which accumulated amounts are paid at the time the officer leaves the Bank). The participant must elect the deferred version of the plan until he or she reaches the minimum shareholding requirements, as disclosed under the heading "Minimum Shareholding Requirements" hereinafter. The plan also provides for the reinvestment of dividend equivalents on all share units until their redemption.

The amount of PSUs awarded for the 2012 fiscal year to the Named Executive Officers and the number of PSUs held by the Named Executive Officers for purposes of the minimum shareholding requirements are disclosed under the heading "Performance and Total Compensation of Named Executive Officers" hereinafter.

Objectives of the Share Unit Plans

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

- Align the interests of officers with those of shareholders
For example:
 - Share units simulate the share price. Thus, the officer benefits from an increase and is affected by any decline just as shareholders are.
 - The conversion of 50% of the annual bonus into RSUs allows for the bonus to be staggered over time while exposing it to the same risk as the shareholder.
- Ensure the Bank's sustained and long-term performance
For example:
 - The minimum holding period for share units is three years and can even be deferred until the officer's departure.
 - The holding period applies beyond active participation by including the retirement period, if applicable, subject to the limits prescribed by tax rules.

- Create a direct link between the Bank's success and the bonuses offered to its principal officers
For example:
 - No annual bonus will be paid to executive officers if the Bank does not achieve its minimum performance objective, as stipulated in the Short-Term Incentive Compensation Program. Therefore, no RSUs will be awarded.
 - The RSU plan provides for the conversion of 50% of the annual bonus into share units whose value is linked to the share price, in the event that a bonus is paid out during a given year.
 - The PSU plan provides vesting rules that take target performance into account over three years for all units awarded for the 2012 fiscal year and thereafter and a substantial portion of the units awarded up for the 2011 fiscal year and prior thereto.
- Have no dilution impact for shareholders
For example:
 - The share units cannot be converted into shares issued by the Bank.

5. Stock Options and Stock Appreciation Rights (SARs)

The Bank has a *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries* (the creation of which was approved by the shareholders at the annual meeting held on January 24, 1992) as well as a *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*, which was adopted in 1995. Although these plans are part of existing overall executive compensation, they are used on an occasional basis and any grant is at the HR Committee's discretion, taking into consideration previous grants.

The relative importance of these plans continues to decrease as the RSU and PSU plans are instituted. Subject to certain exceptions (for example, when hiring a candidate or in the event of an exceptional financial situation), the HR Committee does not grant stock options and SARs to the Named Executive Officers. Although the HR Committee periodically reviews overall incentive compensation programs applicable to executive officers, it has no plans at this time to introduce any further share-based or option-based award plans.

The principal terms and conditions of the Bank's Stock Option Plan can be found in Schedule D to this Circular.

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

During the 2012 fiscal year, no options or SARs were granted to the Named Executive Officers. The number of stock options and SARs held by the Named Executive Officers is disclosed in the "Outstanding Share-based Awards and Option-based Awards" table hereinafter.

Securities authorized for issuance under equity compensation plans

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

| Plan Category | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2012 | Weighted-average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2012 (\$) | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) as at October 31, 2012 |
|--|--|---|--|
| Equity compensation plans approved by securityholders (Note 1) | 50,000 | 29.47 | 124,962 |
| Equity compensation plans not approved by securityholders | – | – | – |

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

6. Pension Plans

The pension plans applicable to executive officers are described under the heading “Pension Plan Benefits” hereinafter. The President and Chief Executive officer of LBS does not participate in a pension plan.

7. Benefit Plans and Perquisites

In addition to the benefits applicable to all Bank employees, executive officers are entitled to life insurance of up to four times their salary, up to a maximum of \$1.2 million. They also benefit from a health account worth \$5,000 annually. The amounts allocated to the health account are valid for a two-year period, after which any unused amount is forfeited. They are also entitled to receive an annual medical, the costs of which are covered by the Bank. Certain executive officers (including the Named Executive Officers) also benefit from a monthly car allowance and are reimbursed for their parking. The President and Chief Executive Officer of LBS does not benefit from any particular advantage, except for a car allowance and the reimbursement of his parking.

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

Balance Between Variable and Fixed Compensation

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

Each year, the HR Committee ensures that fixed compensation (base salary) and variable compensation (annual bonus, RSUs and PSUs) as well as short-, medium- and long-term components of executive compensation are balanced. The HR Committee’s intention is to maintain a just balance and consistency between the expected return, prudent risk management and the compensation offer. The true proportion between fixed and variable compensation will however fluctuate from one fiscal year to another depending on the applicable Global Weighting Factor. The “Performance and Total Compensation of Named Executive Officers” section hereinafter indicates the proportion of fixed and variable compensation of each Named Executive Officer for the 2012 fiscal year.

Clawback Procedure

The Policy provides that if the Bank’s financial statements for a previous year were to be restated due to fraud or a serious irregularity, the HR Committee could decide to adjust annual bonuses, share units, SARs or stock options awarded based on financial performance in accordance with the restated financial results. In view of the importance of rules respecting investment decisions, the clawback policy of LBS and Capital Markets also provides for a clawback when the applicable internal policies and procedures are not complied with.

Minimum Shareholding Requirements

In order to foster long-term mobilization of executive officers, the HR Committee adopted in 2007 minimum holding requirements for the Bank’s shares. These requirements were increased in 2011 and are currently as follows:

| Level | Minimum Requirement |
|---------------------------------------|---------------------|
| President and Chief Executive Officer | 5 x base salary |
| Executive Vice-President | 3 x base salary |
| Senior Vice-President | 2 x base salary |
| Vice-President | 1 x base salary |

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

- common shares of the Bank held;
- RSUs (standard or deferred versions), including the award relating to the fiscal year just ended; and
- PSUs (standard or deferred versions), including the award related to the next fiscal year based on the minimal payment as provided by the plan.

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

The “Performance and Total Compensation of Named Executive Officers” section hereinafter indicates the shareholding levels of Named Executive Officers as at October 31, 2012.

Risk Analysis

In adopting compensation practices and setting executive compensation, the HR Committee, with the help of the Risk Management Committee of the Board of Directors, considers the implications of the risks associated with the Bank’s compensation policies and practices. The mandates of the HR Committee and of the Risk Management Committee were amended in 2010 to enable these committees to undertake an analysis of risks associated with the various compensation programs. Also in 2010, an analysis grid was set up to assess the risk associated with each of the Bank’s compensation programs. The analysis grid covers the following five categories of criteria: conception of the program, process for determining results, approval of results, risk-taking and synchronization of bonuses and losses.

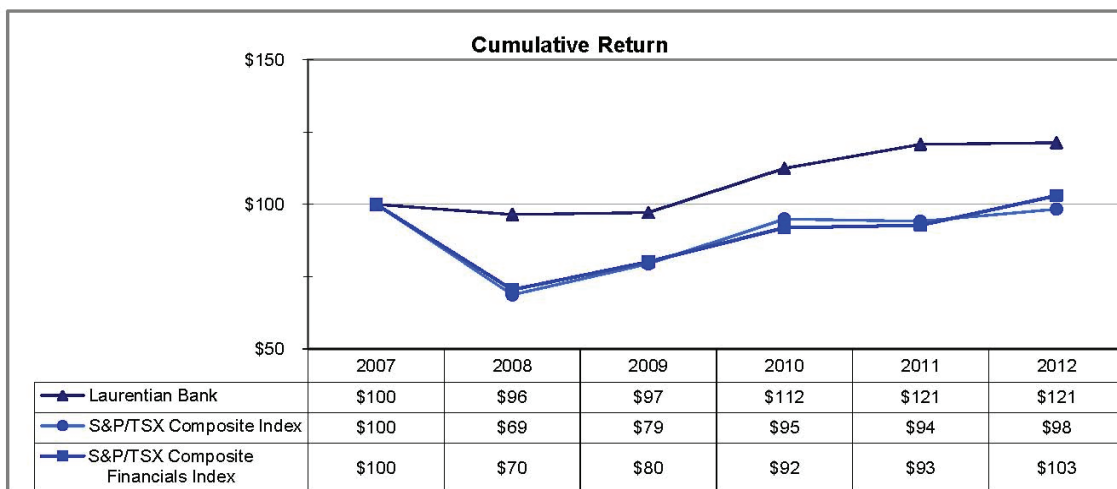
Since 2010, the HR Committee yearly examines, jointly with the Risk Management Committee, the risk analysis of the compensation programs prepared by the Chief Risk Officer and Executive Vice-President, Corporate Affairs, Human Resources and Corporate Secretary, based on the analysis grid. The last such analysis was conducted in December 2012. As a result of this analysis, the HR Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

Hedging

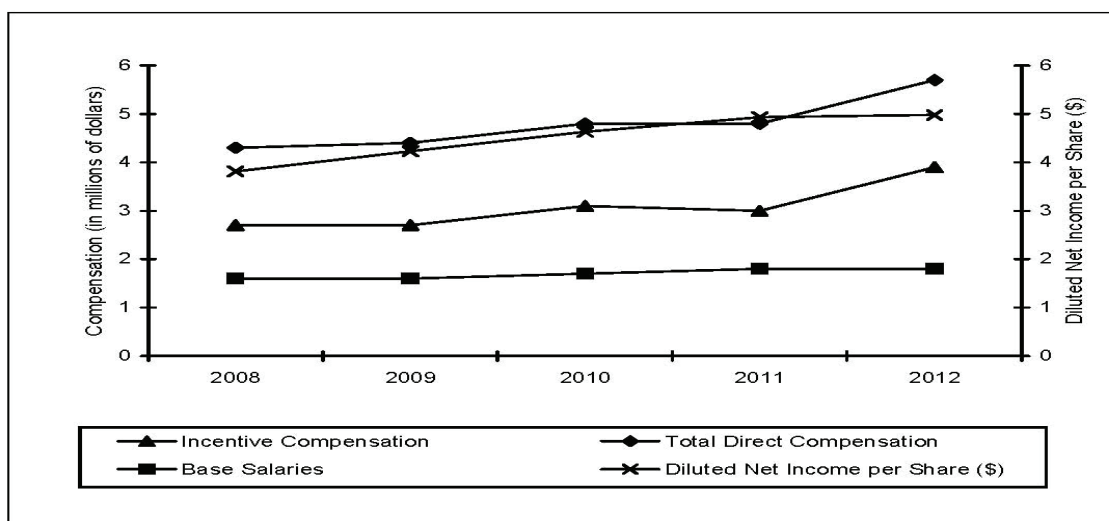
The *Bank Act* (Canada), the Bank’s Policy on Insiders and Prohibited Transactions on Bank Securities (the “Insider Policy”) as well as the Bank’s Code of Ethics prohibits directors, officers, employees and service providers of the Bank and its subsidiaries to, directly or indirectly, knowingly sell securities of the Bank that they do not own or that they have not fully paid up (commonly referred to as “short selling”) and to, directly or indirectly, knowingly buy or sell a put or call option on securities of the Bank. Furthermore, the Insider Policy provides that any other financial instrument designed to hedge or offset a decrease in market value of securities of the Bank held by an insider of the Bank must be reported in accordance with the law and can only be entered into within certain specific periods following the date on which the Bank’s financial statements have been made public, as long as the person entering into the contract is not in possession of privileged information. To date, no such financial instruments have been reported.

Performance Graph

The following graph compares the cumulative total shareholder return for \$100 invested in common shares of the Bank on October 31, 2007, assuming reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Composite Financials Index from the Toronto Stock Exchange for the last five fiscal years.



The graph and table below set out the compensation paid to Named Executive Officers in terms of base salaries, incentive compensation (including short-term incentive compensation and the granting of RSUs, PSUs, options and SARs), as well as total direct compensation, which includes base salary and incentive compensation, for the last five fiscal years. They also indicate the Bank's diluted net income per share for the last five fiscal years for comparison purposes.



(in millions of dollars, except as otherwise indicated)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|-------|-------|-------|---------|----------|
| Base Salaries | 1.6 | 1.6 | 1.7* | 1.8* | 1.8* |
| Incentive Compensation | 2.7 | 2.7 | 3.1* | 3.0* | 3.9* |
| Total Direct Compensation | 4.3 | 4.4 | 4.8* | 4.8* | 5.7* |
| Diluted Net Income per Share (\$) | 3.81 | 4.23 | 4.63 | 4.93** | 4.98*** |
| Net income | 102.5 | 113.1 | 122.9 | 130.4** | 140.7*** |

* Details can be found in the "Compensation" tables related to each Named Executive Officer under the heading "Performance and Total Compensation of Named Executive Officers" hereinafter.

** Excluding integration costs related to the acquired MRS Companies and the compensation for the termination in 2012 of the distribution agreement of IA Clarington funds; amounts adjusted for International Financial Reporting Standards (IFRS), as presented in Note 30 to the Bank's consolidated financial statements for the 2012 fiscal year.

*** Adjusted measures (the adjusting items are described on page 35 of the Bank's 2012 Annual Report).

Trend Analysis

The Bank's performance has improved very significantly over the last five years, with all key performance indicators trending up. Total revenue has increased by 26%, while net income has risen 37% to \$140.7 million from \$102.5 million. The Bank has also experienced significant growth in its portfolios, with loans increasing by 86% and deposits by 57%. The Bank's consolidated balance sheet has grown by 79% and now totals almost \$35 billion.

To better recognize the overall results of the Bank over the last five years following its repositioning and to substantially close the gaps that exist between the total direct compensation of executive officers and the median compensation of the reference group (the companies that comprise the reference group are listed under the heading "Reference Group" above), the Board of Directors and the HR Committee in 2011 and 2012 carried out a complete review of the compensation programs offered to executive officers.

The comprehensive market review carried out by the Hay Group revealed a significant market gap in short-, medium- and long-term incentive compensation for Named Executive Officers. The results showed that target total direct executive compensation ranked below the 25th percentile of the reference group. The study also showed that the positioning of target short-term compensation ranged between the 17th and the 27th percentile of the reference group and that long-term incentive compensation ranked below the 25th percentile of the reference group. Consequently, the HR Committee and the Board determined that adjustments should be made at the end of 2011 (mainly to short-term incentive compensation) and 2012 (mainly to the salary percentage considered in the Performance Share Unit Plan, which will impact 2013 compensation). Increases to total direct compensation are limited almost exclusively to incentive compensation as base salaries remained at comparable levels throughout the period.

For purposes of comparison, over the period from 2008 to 2012, total direct compensation increased by 33%. This increase includes a 2.5% increase in base salary on average per year, while incentive compensation rose by 44% (33% between 2011 and 2012 to reflect certain program changes). Over this same period, diluted net income per share and net income rose by 31% and 37%, respectively.

Performance and Total Compensation of Named Executive Officers



Réjean Robitaille
President and Chief
Executive Officer

With the Bank since 1988, Mr. Robitaille held several positions both with support sectors and with business lines. He is President and Chief Executive Officer of the Bank since 2006. Mr. Robitaille holds a Bachelor's degree in Business Administration. He is a chartered accountant and a Fellow of the Ordre des comptables professionnels agréés du Québec.

Performance

| 2012 Performance Indicators | Attainment of Results | 2012 Achievements |
|--|-----------------------|---|
| Sector-Based Financial Results | | |
| Diluted earnings per share of \$4.80 to \$5.40 | √ | <ul style="list-style-type: none"> For the sixth consecutive year, the Bank generated record net income totalling \$140.7 million*, up 8% compared with last year. Diluted earnings per share amounted to \$4.98*. |
| Efficiency ratio of 73% to 70% | X | <ul style="list-style-type: none"> The low interest rate environment together with certain non-recurring expenses impacted the efficiency ratio. At 73.1%, the ratio is slightly outside the forecast range. |
| Revenue growth > 5% | √ | <ul style="list-style-type: none"> Total revenue exceeded targets, with growth of 8%. |
| Client Development | | |
| Growth of loans, deposits and other income | √ | <ul style="list-style-type: none"> Loans and deposits rose by 21% and 20%, respectively, from organic growth and acquisitions which significantly exceeded expectations. Following acquisition of the MRS Companies, assets under administration increased by \$20.5 billion. Furthermore, as interest rates are relatively low, it was essential for the Bank to grow operations that drive other income, which was up 14%. |
| Become the prime representative of the Bank with the following target audiences: employees, customers, shareholders and others | √ | <ul style="list-style-type: none"> Beyond its service excellence, the Bank differentiates itself by its proximity and the accessibility of its management. Each year, Mr. Robitaille meets with the vast majority of employees to communicate the business plan and his expectations and answer their questions. In addition, many meetings with customers, shareholders and the business community were held to clearly explain the strategy and strengths of the Bank. |

| Projects and Strategic Plan | | |
|---|---|---|
| Follow-up on the strategic plans of the business units | √ | <ul style="list-style-type: none"> • The Bank's success relies on the sound execution of the business plans by its four business segments. In 2012, a number of significant achievements were realized: <ul style="list-style-type: none"> □ Retail Financial Services and SME-Québec <ul style="list-style-type: none"> – Solid loan and deposit growth and launch of the mutual fund distribution agreement with Mackenzie Investments – Intensified development of the SME-Québec segment □ Real Estate & Commercial <ul style="list-style-type: none"> – Good income growth over three years – A record year for real estate financing – Prudent management of commercial credit □ B2B Bank <ul style="list-style-type: none"> – Strong loan and deposit growth – Integration of the MRS Companies according to plan – Launch of B2B Bank – Acquisition of AGF Trust □ LBS and Capital Markets <ul style="list-style-type: none"> – Results higher than for the previous year. – Prudent operations management in a difficult environment. |
| Optimization of Bank financing and capital management | √ | <ul style="list-style-type: none"> • Monitoring and implementation of the new regulatory requirements through sound impact management. • Raised \$480 million of capital during the year, demonstrating the strength of the Bank's balance sheet, new development opportunities and investor interest in the Bank. |
| Renewal of collective agreement | √ | <ul style="list-style-type: none"> • Maintaining an effective partnership with unionized employees is of vital importance to the Bank. The collective agreement was renewed until December 2017, a six-year term. |
| Positioning of the various strategic options (acquisitions and partnerships) | √ | <ul style="list-style-type: none"> • Integration of the MRS Companies is 80% complete. • The acquisition of AGF Trust positions B2B Bank as a best in class provider in the financial advisor community. • Implementation of the mutual fund distribution agreement with Mackenzie Investments. |
| Governance and Risk Management | | |
| Optimization of credit management in a challenging economic environment | √ | <ul style="list-style-type: none"> • A prudent and proactive approach to credit operations over the last few years resulted in a historically very low loss level (loan losses in 2012 amounted to \$33 million, or 0.10% of average assets). |
| Governance and regulatory requirements | √ | <ul style="list-style-type: none"> • Governance and regulatory requirement related programs were carefully followed. Mr. Robitaille demonstrated leadership and agility in a difficult financial and regulatory environment. |
| Human Capital Management | | |
| Performance management program and employee development | √ | <ul style="list-style-type: none"> • One of the major changes of the last few years was the shift to performance. The performance management and employee development program is well underway. The program is being applied rigorously. |
| Improvement of organizational climate | √ | <ul style="list-style-type: none"> • As developing its human capital is a priority for the Bank, a wide range of employee engagement initiatives were implemented. • Very high employee participation in the organizational survey. • Significant improvement in employee engagement levels. • The Bank ranked among the 10 national winners of the <i>Canada's Passion Capitalists</i> program which pays tribute to organizations that, thanks to the energy, intensity and sustainability they promote every day, generate superior results. |
| Continuation of succession plan for executive officers within a talent management framework | √ | <ul style="list-style-type: none"> • Succession plans are in place for key positions. • Talent management programs were deployed to better position next generation talents, identify rising stars and develop resources. |

* Adjusted measures (the adjusting items are described on page 35 of the Bank's 2012 Annual Report).

The HR Committee considered Mr. Robitaille's overall performance for 2012 to be above expectations.

Compensation

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

| | 2012 (\$) | 2011 (\$) | 2010 (\$) |
|---|------------------|------------------|------------------|
| Short-term compensation | | | |
| Base salary | 598,361 | 598,361 | 588,419 |
| Short-term incentive compensation not converted into RSUs | 450,000 | 362,500 | 380,000 |
| Medium- and long-term incentive compensation plans | | | |
| RSUs: Annual bonus converted into RSUs | 450,000 | 362,500 | 380,000 |
| Employer Share converted into RSUs | 270,000 | 217,500 | 228,000 |
| PSUs | 720,000 | 450,000 | 414,000 |
| Stock options | 0 | 0 | 0 |
| SARs | 0 | 0 | 0 |
| Total direct compensation | 2,488,361 | 1,990,861 | 1,990,419 |
| Pension Plans | | | |
| Annual cost of retirement benefits | 21,000 | 26,000 | 197,000 |
| Benefit Plans and Perquisites | | | |
| Car allowance and related expenses | 41,695 | 41,540 | 40,912 |
| Group insurance and other perquisites | 6,131 | 4,842 | 8,016 |
| Total compensation | 2,557,187 | 2,063,243 | 2,236,347 |

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Robitaille for the 2012 fiscal year.

| Fixed Compensation | Variable Compensation | |
|--------------------|-----------------------|---------------|
| Base Salary | Annual Bonus | RSUs and PSUs |
| \$598,361 | \$450,000 | \$1,440,000 |
| 24% | 18% | 58% |
| | 76% | |

Shareholding

Mr. Robitaille's level of shareholding as at October 31, 2012, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

| Shareholding Requirement (x salary) | Base Salary set at the beginning of the 2013 Fiscal Year | Shares (#) | Share units (#) | Total Value (Note 1) | Attainment Level |
|-------------------------------------|--|------------|-----------------|----------------------|------------------|
| 5 | \$600,000 | 2,262 | 151,289 | \$6,825,344 | 228% |

Note 1: The value as at October 31, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$44.45).



Michel C. Lauzon
Executive Vice-President
and Chief Financial
Officer

Member of the Management Committee since 2009, Mr. Lauzon also held several positions with the Bank from 1988 to 1998. He is responsible for finance and corporate treasury. He holds a Bachelor's degree in Economics and an MBA.

Performance

| 2012 Performance Indicators | Attainment of Results | 2012 Achievements |
|--|-----------------------|---|
| Sector-Based Financial Results | | |
| Adherence to budget | √ | <ul style="list-style-type: none"> All segments under the responsibility of the Chief Financial Officer were effectively managed. |
| Adherence to asset and liability management budget and optimization of interest rate risk management | √ | <ul style="list-style-type: none"> Despite a difficult environment, the segment responsible for asset and liability management returned a favourable variance. |
| Projects and Strategic Plan | | |
| Implementation of financing and capital management plan | √ | <ul style="list-style-type: none"> Under its financing and capital management plan, the segment optimized the use of securitization, raised capital through several issues (common shares, preferred shares and medium-term notes) and implemented measures to meet the new Basel III standards. |
| Finalize implementation of IFRS standards | √ | <ul style="list-style-type: none"> The transition to IFRS was completed successfully. |
| Support for integration of MRS Companies and acquisition of AGF Trust | √ | <ul style="list-style-type: none"> The accounting impact of the integration of the MRS Companies was monitored and the purchase equation related to the AGF Trust transaction established. |
| Governance and Risk Management | | |
| Continuation of compliance project with new deposit insurance rules | √ | <ul style="list-style-type: none"> The project is progressing according to schedule and slightly below the forecast cost. |
| Governance and regulatory requirements | √ | <ul style="list-style-type: none"> The regulatory risk management program was closely followed across the group. From a governance perspective, Mr. Lauzon demonstrated leadership and agility in a difficult financial and regulatory environment. |
| Human Capital Management | | |
| Performance management program and employee development | √ | <ul style="list-style-type: none"> Objectives were established. Mid-year and annual evaluations were carried out. |
| Improvement of organizational climate | √ | <ul style="list-style-type: none"> Several initiatives were undertaken during the year. However, survey results showed no improvement. |
| Implementation of talent management process | √ | <ul style="list-style-type: none"> All documentation has been completed and participation in inter-segment discussions was good. |

The HR Committee considered Mr. Lauzon's overall performance for 2012 to meet expectations.

Compensation

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

| | 2012 (\$) | 2011 (\$) | 2010 (\$) |
|---|----------------|----------------|----------------|
| Short-term compensation | | | |
| Base salary | 331,094 | 329,618 | 314,792 |
| Short-term incentive compensation not converted into RSUs | 109,560 | 114,750 | 123,400 |
| Medium- and long-term incentive compensation plans | | | |
| RSUs: Annual bonus converted into RSUs | 109,560 | 114,750 | 123,400 |
| Employer Share converted into RSUs | 65,736 | 68,850 | 74,040 |
| PSUs | 199,200 | 130,000 | 112,000 |
| Stock options | 0 | 0 | 0 |
| SARs | 0 | 0 | 0 |
| Total direct compensation | 815,150 | 757,968 | 747,632 |
| Pension Plans | | | |
| Annual cost of retirement benefits | 65,000 | 65,000 | 56,000 |
| Benefit Plans and Perquisites | | | |
| Car allowance and related expenses | 35,695 | 35,540 | 34,158 |
| Group insurance and other perquisites | 505 | 419 | 2,427 |
| Total compensation | 916,350 | 858,927 | 840,217 |

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Lauzon for the 2012 fiscal year.

| Fixed Compensation | Variable Compensation | |
|--------------------|-----------------------|---------------|
| Base Salary | Annual Bonus | RSUs and PSUs |
| \$331,094 | \$109,560 | \$374,496 |
| 41% | 13% | 46% |
| | 59% | |

Shareholding

Mr. Lauzon's level of shareholding as at October 31, 2012, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

| Shareholding Requirement (x salary) | Base Salary set at the beginning of the 2013 Fiscal Year | Shares (#) | Share units (#) | Total Value (Note 1) | Attainment Level |
|-------------------------------------|--|------------|-----------------|----------------------|------------------|
| 3 | \$332,000 | 268 | 34,428 | \$1,542,233 | 155% |

Note 1: The value as at October 31, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$44.45).



François Desjardins

Executive Vice-President of the Bank and President and Chief Executive Officer of B2B Bank

Member of the Management Committee since 2007 and with the Bank since 1991, Mr. Desjardins held several positions with the Retail Financial Services business line. Mr. Desjardins is responsible for financial services offered through independent financial advisors throughout Canada as well as for mortgage financing outside Quebec. He holds a Bachelor's Degree in Business Administration.

Performance

| 2012 Performance Indicators | Attainment of Results | 2012 Achievements |
|---|-----------------------|---|
| Sector-Based Financial Results | | |
| Realize sector profitability and efficiency budget objectives | √ | <ul style="list-style-type: none"> This segment recorded strong improvement in adjusted profitability of 18% year-over-year. Profitability was above target (with or without acquisitions). The adjusted efficiency ratio was favourable. |
| Client Development | | |
| Loan and deposit growth | √ | <ul style="list-style-type: none"> Growth in the segment significantly exceeded expectations in 2012, with an increase of 66% in loan volumes and 39% in deposit volumes over the last 12 months and expansion of the distribution network by 80% to 27,000 financial professionals. |
| Projects and Strategic Plan | | |
| Integration of MRS Companies | √ | <ul style="list-style-type: none"> Significant conversion work was carried out during the year (80% of conversions carried out) and Mr. Desjardins demonstrated strong leadership in implementing different solutions to meet conversion-related challenges. |
| Acquisition of AGF Trust | √ | <ul style="list-style-type: none"> Demonstrated leadership in completing the transaction. |
| Governance and Risk Management | | |
| Credit quality management | √ | <ul style="list-style-type: none"> Low loan losses due to high quality underwriting. |
| Governance and regulatory requirements | √ | <ul style="list-style-type: none"> The regulatory risk management program was carefully followed and executed. From a governance perspective, Mr. Desjardins demonstrated leadership and agility in a difficult financial and regulatory environment. |
| Human Capital Management | | |
| Performance management program and employee development | √ | <ul style="list-style-type: none"> Objectives were established. Mid-year and annual evaluations were carried out. |
| Improvement of organizational climate | √ | <ul style="list-style-type: none"> Improvement in engagement despite acquisition- and integration-related impacts. |
| Implementation of talent management process | √ | <ul style="list-style-type: none"> Plans were completed and talent evaluations carried out. |

The HR Committee considered Mr. Desjardins' overall performance for 2012 to be above expectations.

Compensation

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

| | 2012 (\$) | 2011 (\$) | 2010 (\$) |
|--|------------------|------------------|------------------|
| Short-term compensation | | | |
| Base salary | 316,519 | 289,592 | 278,564 |
| Short-term incentive compensation not converted into RSUs (Note 1) | 146,250 | 127,450 | 108,250 |
| Medium- and long-term incentive compensation plans | | | |
| RSUs: Annual bonus converted into RSUs | 146,250 | 127,450 | 108,250 |
| Employer Share converted into RSUs | 87,750 | 76,470 | 64,950 |
| PSUs | 175,200 | 114,000 | 104,000 |
| Stock options | 0 | 0 | 0 |
| SARs | 0 | 0 | 0 |
| Total direct compensation | 871,969 | 734,962 | 664,014 |
| Pension Plans | | | |
| Annual cost of retirement benefits (Note 2) | 118,000 | 39,000 | 59,000 |
| Benefit Plans and Perquisites | | | |
| Car allowance and related expenses | 40,986 | 33,839 | 33,791 |
| Group insurance and other perquisites (Note 3) | 213,959 | 205,562 | 423,061 |
| Total compensation | 1,244,914 | 1,013,363 | 1,179,866 |

Note 1: The HR Committee increased Mr. Desjardins' bonus for 2011 to recognize his important contribution to the acquisition of the MRS Companies.

Note 2: The amount for 2012 reflects the effect of changes to Mr. Desjardins' base salary.

Note 3: Mr. Desjardins received a special allowance of \$319,000 in 2010 to regularize the situation pertaining to his accommodation in Toronto and his travels between Montreal and Toronto for the period from July 2004 to April 2010. Since May 2010, the Bank pays him a monthly allowance for these purposes of \$16,667. For 2012, 2011 and 2010, this allowance represents \$200,000, \$200,000 and \$100,000, respectively.

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Desjardins for the 2012 fiscal year.

| Fixed Compensation | Variable Compensation | |
|--------------------|-----------------------|---------------|
| Base Salary | Annual Bonus | RSUs and PSUs |
| \$316,519 | \$146,250 | \$409,200 |
| 36% | 17% | 47% |
| | 64% | |

Shareholding

Mr. Desjardins' level of shareholding as at October 31, 2012, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

| Shareholding Requirement (x salary) | Base Salary set at the beginning of the 2013 Fiscal Year | Shares (#) | Share Units (#) | Total Value (Note 1) | Attainment Level |
|-------------------------------------|--|------------|-----------------|----------------------|------------------|
| 3 | \$325,000 | 5,444 | 52,160 | \$2,560,492 | 263% |

Note 1: The value as at October 31, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$44.45).



Luc Bernard
Executive Vice-President,
Retail Financial Services
and SME

Member of the Management Committee since 2007, Mr. Bernard is responsible for retail financial services and financial services offered to SMEs in Quebec. With the Bank since 2001, he held the position of Senior Vice-President, Marketing and Product Management until 2005. Mr. Bernard holds a Bachelor's Degree in Urban Studies as well as an MBA.

Performance

| 2012 Performance Indicators | Attainment of Results | 2012 Achievements |
|---|-----------------------|--|
| Sector-Based Financial Results | | |
| Realize sector profitability and efficiency improvement budget objectives | X | <ul style="list-style-type: none"> Several initiatives were undertaken during the year to lessen the impact of the low interest rate environment. However, they did not close the budget gaps. |
| Client Development | | |
| Growth of loans, deposits and other income | √ | <ul style="list-style-type: none"> Despite a difficult financial environment, the segment achieved growth of \$750 million in loan portfolios over the last 12 months, and an increase of 17% in SME loans and 7% in SME deposits while maintaining high credit quality. In addition, Mr. Bernard worked to implement the mutual fund distribution agreement with Mackenzie Investments. |
| Projects and Strategic Plan | | |
| Implementation of operational excellence and efficiency initiatives | √ | <ul style="list-style-type: none"> The implementation of several initiatives resulted in good expense control, limiting the increase to 1%. |
| Governance and Risk Management | | |
| Credit quality improvement | √ | <ul style="list-style-type: none"> Review of the underwriting process made it possible despite a difficult environment to limit losses on consumer and SME credit portfolios. |
| Governance and regulatory requirements | √ | <ul style="list-style-type: none"> The regulatory risk management program was carefully followed and executed. Several improvements were made during the year. From a governance perspective, Mr. Bernard demonstrated leadership and agility in a difficult financial and regulatory environment. |
| Human Capital Management | | |
| Performance management program and employee development | √ | <ul style="list-style-type: none"> Objectives were established. Mid-year and annual evaluations were carried out. |
| Improvement of organizational climate | √ | <ul style="list-style-type: none"> Several initiatives were undertaken over the last two years that resulted in a significantly improved segment engagement index. |
| Implementation of talent management process | √ | <ul style="list-style-type: none"> In-depth review of succession plan components for key segment management personnel. Structured process firmly in place. |

The HR Committee considered Mr. Bernard's overall performance for 2012 to meet expectations.

Compensation

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

| | 2012 (\$) | 2011 (\$) | 2010 (\$) |
|---|----------------|----------------|----------------|
| Short-term compensation | | | |
| Base salary | 299,182 | 297,072 | 282,995 |
| Short-term incentive compensation not converted into RSUs | 72,000 | 92,400 | 110,150 |
| Medium- and long-term incentive compensation plans | | | |
| RSUs: Annual bonus converted into RSUs | 72,000 | 92,400 | 110,150 |
| Employer Share converted into RSUs | 43,200 | 55,440 | 66,090 |
| PSUs | 180,000 | 116,000 | 104,000 |
| Stock options | 0 | 0 | 0 |
| SARs | 0 | 0 | 0 |
| Total direct compensation | 666,382 | 653,312 | 673,385 |
| Pension Plans | | | |
| Annual cost of retirement benefits | 40,000 | 59,000 | 72,000 |
| Benefit Plans and Perquisites | | | |
| Car allowance and related expenses | 35,695 | 35,540 | 34,158 |
| Group insurance and other perquisites | 3,945 | 5,969 | 5,494 |
| Total compensation | 746,022 | 753,821 | 785,037 |

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Bernard for the 2012 fiscal year.

| Fixed Compensation | Variable Compensation | |
|--------------------|-----------------------|---------------|
| Base Salary | Annual Bonus | RSUs and PSUs |
| \$299,182 | \$72,000 | \$295,200 |
| 45% | 11% | 44% |
| | 55% | |

Shareholding

Mr. Bernard's level of shareholding as at October 31, 2012, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

| Shareholding Requirement (x salary) | Base Salary set at the beginning of the 2013 Fiscal Year | Shares (#) | Share Units (#) | Total Value (Note 1) | Attainment Level |
|-------------------------------------|--|------------|-----------------|----------------------|------------------|
| 3 | \$300,000 | 171 | 37,740 | \$1,685,161 | 187% |

Note 1: The value as at October 31, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$44.45).



Michel C. Trudeau

Executive Vice-President, Capital Markets of the Bank and President and Chief Executive Officer of Laurentian Bank Securities

With the Bank since 1999, Mr. Trudeau is responsible for brokerage and capital markets activities since January 2010. He previously held various positions with Laurentian Bank Securities, including President and Chief executive Officer since 2003. Mr. Trudeau holds a Bachelor's Degree in Business Administration and an MBA.

Performance

| 2012 Performance Indicators | Attainment of Results | 2012 Achievements |
|---|-----------------------|--|
| Sector-Based Financial Results | | |
| Annual budget objectives | X | • Despite an unfavourable economic environment, net income increased 36% year-over-year. |
| Client Development | | |
| Growth of net income from commissions | √ | • The segment returned favourable results for revenue growth compared with its main competitors and capitalized on an opportunity to open a new office in Winnipeg. |
| Projects and Strategic Plan | | |
| Updating of strategic plan | √ | • Updating of plan completed. |
| Governance and Risk Management | | |
| Governance and regulatory requirements | √ | • The regulatory risk management program was carefully followed and executed and operational risk was well managed. Several improvements were made during the year. • From a governance perspective, Mr. Trudeau demonstrated leadership and agility in a difficult financial and regulatory environment. |
| Human Capital Management | | |
| Performance management program and employee development | √ | • Objectives were established. Mid-year and annual evaluations were carried out. |
| Improvement of organizational climate | √ | • Although the segment is highly sensitive to market conditions, the engagement index declined only slightly. |
| Implementation of talent management process | √ | • Plans were completed and talent evaluations carried out. |

The HR Committee considered Mr. Trudeau's overall performance for 2012 to meet expectations.

Compensation

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

| | 2012 (\$) | 2011 (\$) | 2010 (\$) |
|---|----------------|----------------|----------------|
| Short-term compensation | | | |
| Base salary | 260,000 | 260,000 | 250,000 |
| Short-term incentive compensation not converted into RSUs | 308,321 | 243,414 | 326,046 |
| Medium- and long-term incentive compensation plans | | | |
| RSUs: Annual bonus converted into RSUs | 99,995 | 72,178 | 139,734 |
| Employer Share converted into RSUs | 0 | 0 | 0 |
| PSUs | 156,000 | 78,000 | 50,000 |
| Stock options | 0 | 0 | 0 |
| SARs | 0 | 0 | 0 |
| Total direct compensation | 824,316 | 653,592 | 765,780 |
| Pension Plans | | | |
| Annual cost of retirement benefits | 0 | 0 | 0 |
| Benefit Plans and Perquisites | | | |
| Car allowance and related expenses | 36,356 | 5,107 | 4,911 |
| Group insurance and other perquisites | 54 | 286 | 1,747 |
| Total compensation | 860,726 | 658,985 | 772,438 |

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Trudeau for the 2012 fiscal year.

| Fixed Compensation | Variable Compensation | |
|--------------------|-----------------------|---------------|
| Base Salary | Annual Bonus | RSUs and PSUs |
| \$260,000 | \$308,321 | \$255,995 |
| 32% | 37% | 31% |
| | 68% | |

Shareholding

Mr. Trudeau's level of shareholding as at October 31, 2012, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

| Shareholding Requirement (x salary) | Base Salary set at the beginning of the 2013 Fiscal Year | Shares (#) | Share Units (#) | Total Value (Note 1) | Attainment Level |
|-------------------------------------|--|------------|-----------------|----------------------|------------------|
| 3 | \$260,000 | 1,769 | 14,082 | \$704,599 | 90% |

Note 1: The value as at October 31, 2012 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date (\$44.45).

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 completed 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) | Long-term Incentive Plans | | | |
| Réjean Robitaille President and Chief Executive Officer | 2012 | 598,361 | 990,000 | 0 | 900,000 | 0 | 21,000 | 47,826 | 2,557,187 |
| | 2011 | 598,361 | 667,500 | 0 | 725,000 | 0 | 26,000 | 46,382 | 2,063,243 |
| | 2010 | 588,419 | 642,000 | 0 | 760,000 | 0 | 197,000 | 48,928 | 2,236,347 |
| Michel C. Lauzon Executive Vice-President and Chief Financial Officer | 2012 | 331,094 | 264,936 | 0 | 219,120 | 0 | 65,000 | 36,200 | 916,350 |
| | 2011 | 329,618 | 198,850 | 0 | 229,500 | 0 | 65,000 | 35,959 | 858,927 |
| | 2010 | 314,792 | 186,040 | 0 | 246,800 | 0 | 56,000 | 36,585 | 840,217 |
| François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Bank | 2012 | 316,519 | 262,950 | 0 | 292,500 | 0 | 118,000 | 254,945 | 1,244,914 |
| | 2011 | 289,592 | 190,470 | 0 | 254,900 | 0 | 39,000 | 239,401 | 1,013,363 |
| | 2010 | 278,564 | 168,950 | 0 | 216,500 | 0 | 59,000 | 456,852 | 1,179,866 |
| Luc Bernard Executive Vice-President, Retail Financial Services and SME | 2012 | 299,182 | 223,200 | 0 | 144,000 | 0 | 40,000 | 39,640 | 746,022 |
| | 2011 | 297,072 | 171,440 | 0 | 184,800 | 0 | 59,000 | 41,509 | 753,821 |
| | 2010 | 282,995 | 170,090 | 0 | 220,300 | 0 | 72,000 | 39,652 | 785,037 |
| Michel C. Trudeau Executive Vice-President, Capital Markets, Bank and President and Chief Executive Officer, Laurentian Bank Securities | 2012 | 260,000 | 156,000 | 0 | 408,316 | 0 | 0 | 36,410 | 862,726 |
| | 2011 | 260,000 | 78,000 | 0 | 315,592 | 0 | 0 | 5,393 | 658,985 |
| | 2010 | 250,000 | 50,000 | 0 | 465,780 | 0 | 0 | 6,658 | 772,438 |

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 column "Annual Incentive Plans" (see Note 4 below). Under the RSU plan, the Named Executive Officers (except Mr. Trudeau) must convert 50% of their annual bonus into RSUs. The employer contributes an additional amount equal to 30% of the annual bonus, which amount is also converted into RSUs (Mr. Trudeau must convert into RSUs 30% of the annual bonus paid to him between \$75,000 and \$500,000 as well as 40% of any amount in excess thereof, and the employer does not contribute an additional amount). The number of RSUs is based on the "share price", which is the arithmetic average of the weighted average closing price of the Bank's common share on the Toronto Stock Exchange for the five trading days that precede the date on which the units are awarded. RSUs are part of executive compensation for 2012, 2011 or 2010, as the case may be, but were granted after the fiscal year end.
- Performance Share Units (PSUs) granted under the *Performance Share Unit Plan for Senior Management of Laurentian Bank of Canada*. Under the PSU plan, PSUs are awarded based on a percentage of the annual base salary of the Named Executive Officer. The number of PSUs is based on the "share price", which is the arithmetic average of the weighted average closing price of the Bank's common share on the Toronto Stock Exchange for the five trading days that precede the date on which the units are awarded.

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

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

Note 2: These amounts represent the grant date fair value of the following awards:

- Stock options granted under the *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. No stock options were granted to Named Executive Officers in 2012, 2011 and 2010.
- Stock appreciation rights (SARs) issued under the *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. No SARs were granted to Named Executive Officers in 2012, 2011 and 2010.

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

Note 3: Amounts of the annual bonuses paid under the Short-Term Incentive Compensation Program of the Bank. 50% of this annual bonus (30% of the annual bonus over \$75,000 in the case of Mr. Trudeau) must be converted into RSUs (see Note 1 above). These amounts were earned in 2012, 2011 or 2010, as the case may be, but paid after the fiscal year end. The Short-Term Incentive Compensation Program is more fully described in the "Components of Overall Executive Compensation" section above.

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 service credited as detailed in the "Defined Benefit Plans Table" hereinafter. The amount for Mr. Desjardins for 2012 reflects the effect of changes to his base salary.

Note 5: These amounts mainly represent car allowances and reimbursement of parking as well as group insurance premiums. These amounts are detailed under the heading "Performance and Total Compensation of Named Executive Officers" above. Mr. Desjardins received a special allowance of \$319,000 in 2010 to regularize the situation pertaining to his accommodation in Toronto and his travels between Montreal and Toronto for the period from July 2004 to April 2010. Since May 2010, the Bank pays him a monthly allowance for these purposes of \$16,667. For 2012, 2011 and 2010 this allowance represents \$200,000, \$200,000 and \$100,000, respectively.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

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

| Name | Option-based Awards (Note 1) | | | | Share-based Awards (Note 2) | | |
|---------------------|---|----------------------------|--|--|--|--|--|
| | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Value Of Unexercised In-the-Money Options (\$) (Note 3) | Number Of Shares Or Units Of Shares That Have Not Vested (#) | Market Or Payout Value Of Share-based Awards That Have Not Vested (\$) (Note 4) | Market Or Payout Value Of Vested Share-Based Awards Not Paid Out Or Distributed (\$) (Note 4) |
| Réjean Robitaille | 50,000 10,000 | 29.472 34.472 | Dec. 13, 2016 June 8, 2017 | 748,890 99,780 | 53,781 | 2,390,547 | 1,172,671 |
| Michel C. Lauzon | 12,500 | 35.929 | Dec. 4, 2018 | 106,513 | 14,908 | 662,679 | 92,098 |
| François Desjardins | 3,750 10,000 10,000 | 26.968 29.596 34.472 | Dec. 10, 2013 Dec. 18, 2016 June 8, 2017 | 65,558 148,540 99,780 | 14,260 | 633,847 | 400,142 |
| Luc Bernard | 1,000 | 34.472 | June 8, 2017 | 9,978 | 13,952 | 620,145 | 243,474 |
| Michel C. Trudeau | 10,000 | 34.472 | June 8, 2017 | 99,780 | 77,279 | 323,567 | 0 |

Note 1: Stock option and SAR awards. Stock option awards are indicated in **bold** and SAR awards are indicated in regular typeface. No stock options nor SARs were awarded to NEOs in 2012, 2011 or 2010. The grant rate for options as a percentage of shares outstanding is 0% for 2012, 2011 and 2010. Mr. Robitaille is the only employee of the Bank that holds stock options; the dilution level of stock options as a percentage of shares outstanding as at October 31, 2012 is 0.2% (based on 28,117,520 common shares outstanding).

Note 2: RSU and PSU awards including dividend equivalents.

Note 3: Value based on the difference between the exercise price of the stock options and SARs and the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2012 (\$44.45).

Note 4: Value based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2012 (\$44.45).

Incentive Plan Awards - Value Vested or Earned During the Year

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

| Name | Option-based Awards - Value Vested During The Year (\$) (Note 1) | Share-based Awards - Value Vested During The Year (\$) (Note 2) | Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$) (Note 3) |
|---------------------|---|--|--|
| Réjean Robitaille | 21,145 | 918,130 | 900,000 |
| Michel C. Lauzon | 264,125 | 92,098 | 219,120 |
| François Desjardins | 58,930 | 224,736 | 292,500 |
| Luc Bernard | 58,930 | 243,474 | 144,000 |
| Michel C. Trudeau | 21,145 | 124,599 | 408,316 |

Note 1: These amounts represent the aggregate value that would have been realized if the stock options and SARs had been exercised on the vesting date occurring during the fiscal year. The value is based on the difference between the exercise price of the stock options and SARs and the closing price of the Bank's common share on the Toronto Stock Exchange on the dates on which they became vested during the fiscal year. During the 2012 fiscal year, no stock options were exercised by NEOs. Messrs. Robitaille, Lauzon and Bernard received \$204,820, \$144,013 and \$357,557 respectively upon exercise of SARs.

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 from the date of the award. During the fiscal year, the RSUs granted for the 2008 fiscal year as well as PSUs granted for the 2009 fiscal year became vested. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on the vesting date (\$44.71 on December 18, 2011 and \$42.93 on June 8, 2012).

Note 3: Total Amount of annual bonuses. 50% of such bonuses (30% of the annual bonus over \$75,000 in the case of Mr. Trudeau) must be converted into RSUs.

PENSION PLAN BENEFITS

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

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

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

Mr. Trudeau does not participate in a pension plan.

Special Agreements Entered Into with Certain Named Executive Officers

Mr. Robitaille entered into a special retirement agreement with the Bank under the terms of which the annual pension payable to him will be calculated in accordance with the provisions of the Plans, but shall not be less than \$350,000 if the Bank terminates Mr. Robitaille's employment contract without cause.

Defined Benefit Plans Table

The table below sets out, with respect to each Named Executive Officer, the years of participation to the Plans as at October 31, 2012, annual benefits payable and changes in the present value of defined benefit obligation from October 31, 2011 to October 31, 2012, including compensatory and non-compensatory changes, concerning their participation in the Plans for the 2012 fiscal year.

| Name | Number of Years Credited Service (#) (Note 1) | | Annual Benefits Payable (\$) | | Opening Present Value of Defined Benefit Obligation (\$) (Note 4) | Compensatory Change (\$) (Note 5) | Non-Compensatory Change (\$) (Note 6) | Closing Present Value of Defined Benefit Obligation (\$) (Note 4) |
|-------------------------------|--|-------------|------------------------------|-----------------------|--|--------------------------------------|--|--|
| | Officers' Plan | Suppl. Plan | At Year End (Note 2) | At Age 65 (Note 3) | | | | |
| Réjean Robitaille (Note 7) | 24.3 | 24.3 | 210,000 | 373,000 | 3,023,000 | 21,000 | 251,000 | 3,295,000 |
| Michel C. Lauzon | 3.8 | 3.8 | 20,000 | 91,000 | 201,000 | 65,000 | 52,000 | 318,000 |
| François Desjardins | 16.8 | 15.8 | 77,000 | 221,000 | 816,000 | 118,000 | 318,000 | 1,252,000 |
| Luc Bernard | 10.9 | 10.9 | 51,000 | 133,000 | 635,000 | 40,000 | 137,000 | 812,000 |

Note 1: Three years of participation in the Supplemental Plan are credited for each year accrued from the start of participation in the plan, up to the number of years of participation in the Officers' Plan. The number of actual years of service of each Named Executive Officer as at October 31, 2012 is equal to the number of years of service credited for the purposes of the Officers' Plan.

Note 2: These amounts represent deferred annuities payable under both plans at the retirement age assumption (57) accumulated as of October 31, 2012, assuming that the NEO is eligible to receive payments or benefits at year-end.

Note 3: Assuming retirement at age 65.

Note 4: The present value of defined benefit obligation represents the commuted value of the retirement benefits for the years of participation as at October 31, 2011 or October 31, 2012, as the case may be. The value was calculated using the same assumptions as for the Bank's financial statements, including a discount rate of 5.25% and 4.40% for the fiscal years ending October 31, 2011 and October 31, 2012, respectively. Furthermore, a compensation increase rate of 3.5% has been used. The assumptions used are described in Note 19 to the consolidated financial statements of the Bank for the 2012 fiscal year.

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

Note 6: Non-compensatory changes include amounts attributable to interest on the opening present value of defined benefit obligation, actuarial gains and losses other than those associated with compensation and changes in actuarial assumptions. The most important element for the 2012 fiscal year is the decrease of the discount rate from 5.25% to 4.40%.

Note 7: Mr. Robitaille assigned part of his rights in 2012.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Indemnity in Case of Termination Without Cause

Mr. Robitaille's employment contract provides for an indemnity of 24 months' base salary plus the average of annual bonuses paid in the three years preceding his termination, prorated to the number of months worked in the year of termination, if his employment were terminated by the Bank without cause. No indemnity is payable if his employment is terminated by the Bank with cause and he would not be eligible for a bonus in that case.

Special Retirement Agreements

Mr. Robitaille also entered into a special retirement agreement which is described under the heading "Pension Plan Benefits" above.

Indemnity in the Event of Change of Control

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

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

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

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

- Note 1: In the event of termination without cause or termination in the year following a change of control, the salary of the President and Chief Executive Officer will continue to be paid for a 24 month period.
- Note 2: In the event of termination without cause, the President and Chief Executive Officer is eligible for the payment of the average of annual bonuses paid in the three years preceding the termination, prorated to the number of months worked in the year of termination.
- Note 3: In the event of termination without cause, all RSUs, whether deferred or not, of the President and Chief Executive Officer will vest.
- Note 4: The Employee Share vests from the date of the award.
- Note 5: In the event of termination without cause, benefits (except disability insurance) will continue for the President and Chief Executive Officer until the earlier of 24 months following termination or his obtaining other employment.
- Note 6: Mr. Trudeau does not participate in a pension plan.

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, 2012.

| Name | Compensation Component | Resignation / Termination with cause (\$) | Termination without cause (\$) (Note 3) | Retirement (\$) (Note 4) | Termination in the year following a change of control (\$) |
|---------------------|---|---|---|--------------------------|--|
| Réjean Robitaille | Base salary | 0 | 1,200,000 | – | 1,200,000 |
| | Short-term incentive compensation | 0 | 729,667 | – | 729,667 |
| | RSUs, PSUs, stock options and SARs (Note 1) | 0 | 1,683,492 | – | 2,812,466 |
| | Pension plans (Note 2) | 0 | 2,375,000 | – | 2,375,000 |
| | Benefit plans and perquisites | 0 | 81,468 | – | 117,468 |
| | Total | 0 | 6,069,627 | – | 7,234,601 |
| Michel C. Lauzon | Base salary | 0 | – | 0 | 498,000 |
| | Short-term incentive compensation | 0 | – | 0 | 202,233 |
| | RSUs, PSUs, stock options and SARs (Note 1) | 0 | 455,514 | 0 | 886,625 |
| | Pension plans (Note 2) | 0 | 111,000 | 0 | 111,000 |
| | Benefit plans and perquisites | 0 | – | 0 | 79,301 |
| | Total | 0 | 566,514 | 0 | 1,777,159 |
| François Desjardins | Base salary | 0 | – | – | 487,500 |
| | Short-term incentive compensation | 0 | – | – | 223,433 |
| | RSUs, PSUs, stock options and SARs (Note 1) | 0 | 440,777 | – | 738,603 |
| | Pension plans (Note 2) | 0 | 0 | – | 0 |
| | Benefit plans and perquisites | 0 | – | – | 76,639 |
| | Total | 0 | 440,777 | – | 1,526,175 |
| Luc Bernard | Base salary | 0 | – | – | 450,000 |
| | Short-term incentive compensation | 0 | – | – | 201,333 |
| | RSUs, PSUs, stock options and SARs (Note 1) | 0 | 438,432 | – | 726,717 |
| | Pension plans (Note 2) | 0 | 0 | – | 0 |
| | Benefit plans and perquisites | 0 | – | – | 76,101 |
| | Total | 0 | 438,432 | – | 1,454,151 |
| Michel C. Trudeau | Base salary | 0 | – | – | 390,000 |
| | Short-term incentive compensation | 0 | – | – | 587,124 |
| | RSUs, PSUs, stock options and SARs (Note 1) | 0 | 220,938 | – | 401,509 |
| | Pension plans (Note 2) | – | – | – | – |
| | Benefit plans and perquisites | 0 | – | – | 0 |
| | Total | 0 | 220,938 | – | 1,378,633 |

- Note 1: Amounts payable with respect to non-vested rights only. Vested rights at the time of termination are not affected by termination.
- Note 2: Amounts of retirement benefits. In the columns "Termination without cause" and "Termination in the year following a change of control", the amount of retirement benefits is the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table" above, assuming a termination on October 31, 2012. This additional value is nil for Messrs. Bernard and Desjardins as the value of their rights, including additional months of participation in the pension plans, is less than the value presented in the "Defined Benefit Plans Table". Mr. Trudeau does not participate in a pension plan.
- Note 3: Except for Mr. Robitaille whose employment contract has specific provisions for such circumstances, indemnities payable to the Named Executive Officers in the event of termination without cause would be those provided by common law. These amounts are not indicated in the table.
- Note 4: The age of Messrs. Robitaille, Lauzon, Bernard and Desjardins is below the minimal retirement age under the pension plans and thus they are not eligible for retirement. No additional amount would have been payable to Mr. Lauzon if he had retired on October 31, 2012. Mr. Trudeau does not participate in a pension plan.

PART F – CORPORATE GOVERNANCE

BOARD OF DIRECTORS

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

Under the Bank's General By-Laws, the number of directors is set at 13. Under the *Bank Act* (Canada), the Bank must have a fixed number of directors as its General By-Laws provide for cumulative voting for the election of directors.

Independence of Board Members

Other than Mr. Réjean Robitaille, President and Chief Executive Officer of the Bank, all members of the Board of Directors and proposed nominees for election as directors are independent within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors. The Chairman of the Board, Mr. L. Denis Desautels, is an independent director.

Mr. Robitaille is a non-independent director by virtue of his functions with the Bank.

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

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

Certain members of the Board of Directors are also directors of other reporting issuers. This information is presented in Part C - "Director Nominees" of this Circular.

Competencies and Expertise of Board Members

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

| | Corporate elements | | | | | | | | | | Operational elements | | | | | | | |
|----------------------|--------------------|-------|------------|------------|-------------------------|-----------------|----------------------|-----------------|------------------|--------------------------|----------------------|--------|-------------|-----------|------------|----------|-----------|----------------------|
| | Finance | Audit | Technology | Compliance | Pension Plan Management | Risk Management | Corporate Governance | Human Resources | Accounting Rules | Mergers and Acquisitions | Banking Services | Credit | Derivatives | Insurance | Securities | Treasury | Marketing | Business Development |
| Pierre Ancil | √ | | | | √ | | √ | √ | | √ | | | | | | | √ | √ |
| Lise Bastarache | √ | √ | | | | √ | √ | √ | | | √ | √ | √ | | √ | √ | | |
| Jean Bazin | | | | √ | | √ | √ | √ | | | | | | | | | √ | √ |
| Richard Bélanger | √ | √ | √ | | | √ | | √ | √ | √ | | √ | | √ | √ | | √ | √ |
| Isabelle Courville | √ | | √ | | | √ | √ | √ | | | | | | | | | √ | √ |
| L. Denis Desautels | √ | √ | | √ | √ | √ | √ | | √ | | | | | | | | | |
| Pierre Genest | √ | √ | | √ | √ | √ | √ | | | √ | √ | √ | √ | √ | | | | √ |
| Michel Labonté | √ | √ | √ | √ | | √ | √ | | √ | √ | √ | √ | √ | | √ | √ | | √ |
| Jacqueline C. Orange | √ | | | | | | √ | √ | | | √ | | | √ | | | √ | √ |
| Marie-France Poulin | | | | | √ | √ | √ | √ | | √ | | | | | | | √ | √ |
| Réjean Robitaille | √ | √ | | √ | | √ | √ | √ | √ | √ | √ | √ | √ | | √ | √ | √ | √ |
| Michelle R. Savoy | √ | | | | √ | √ | √ | √ | | | | | √ | | √ | √ | √ | √ |
| Jonathan I. Wener | √ | | √ | | | √ | √ | √ | | √ | | √ | | √ | | | √ | √ |
| Total | 11 | 6 | 4 | 5 | 5 | 11 | 12 | 10 | 4 | 7 | 5 | 6 | 5 | 4 | 6 | 4 | 9 | 11 |

Nomination of Directors

The Human Resources and Corporate Governance Committee, made up entirely of independent directors, is responsible for proposing director nominees to the Board of Directors.

In order to ensure an optimal board composition, the Committee established a chart of required competencies with which each member is assessed. When a board seat is required to be filled, the Committee determines the sought-after profile based among other things on the already existing competencies and expertise

Various other selection criteria are also applied, such as geographic distribution and gender ratio. With 38% of its directors being women, the Bank is a leader in gender diversity in its field. The Committee strives to continue to increase the Board's representativeness and diversity.

Candidates having the selection criteria mentioned above meet with the Chair of the Human Resources and Corporate Governance Committee. They also meet with the Chairman of the Board and the President and Chief Executive Officer. Following these meetings, the Chair of the Committee and the Chairman of the Board make a joint recommendation to the Committee, and thereafter to the Board of Directors.

Orientation and Continuing Education

Every new director is mentored by a more experienced member of the Board of Directors and is matched up with a member of Management to ensure adequate orientation with respect to the nature and operation of the Bank's business. Meetings with the Chairman of the Board and with the President and Chief Executive Officer are also organized. Each new director attends an information session to familiarize himself or herself with the Bank and with his or her duties and responsibilities as director. An information manual, containing all basic information concerning the Bank, such as its organizational structure, letters patent and general by-laws, certain policies, as well as a document outlining directors' duties and responsibilities, is also provided to each director.

Most meetings of the Board of Directors include presentations on topics of interest to the directors. For example, during the 2012 fiscal year, directors attended presentations made by internal or external presenters on the International Financial Reporting Standards (IFRS) and the internal ratings method. Members of the Human Resources and Corporate Governance Committee also received training on methods for evaluating executive officers. Furthermore, each director who wishes to enhance his knowledge or skills in order to better discharge his or her duties towards the Bank may participate in outside training at the Bank's expense.

Assessments

The Board of Directors has adopted a process intended to assess its efficiency along with the contribution of its members. The Human Resources and Corporate Governance Committee has been entrusted with applying this process. The assessment rests on two fundamental components, namely the use of questionnaires and a meeting of each director with the Chairman of the Board. Each director completes an evaluation questionnaire of the Board of Directors and of its committees as well as of the Chairman of the Board and the chairs of the committees, and completes his or her own self-assessment. The Chairman of the Board then meets with each director individually to discuss the results. The Chairman of the Board thereafter reports globally to the Committee on these evaluations. The Committee can then make improvements or review the Board of Directors' composition as required.

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

Summary of Board of Directors Meetings held

| | Number of meetings held | Number of meetings held without members of Management |
|--------------------|-------------------------|---|
| Board of Directors | 13 (Note 1) | 7 (Note 2) |

Note 1: Including seven regular meetings, namely four quarterly meetings where financial results are examined, the meeting where documents related to the annual meeting of shareholders are approved, the meeting where the budget is approved and the meeting where the organisational structure and succession plans are reviewed.

Note 2: Directors met without members of Management at all seven regular meetings.

The attendance record of each director at the Board and committee meetings held during the last completed fiscal year of the Bank is presented in Part C - "Director Nominees" of this Circular³.

BOARD COMMITTEES

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

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

The mandates of the three committees are set out in Schedule E to this Circular.

Summary of Committee Meetings held

| | Number of meetings held | Number of meetings held without members of Management |
|--|-------------------------|---|
| Audit Committee | 7 | 7 (Note 1) |
| Risk Management Committee | 8 | 6 (Note 2) |
| Human Resources and Corporate Governance Committee | 7 | 6 |

Note 1: Members of the Committee also met privately with the external and internal auditors at four of these meetings.

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

Members of the Committees

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

| Nom | Independent | Human Resources and Corporate Governance | Audit | Risk Management |
|----------------------|-------------|--|-------|-----------------|
| Pierre Anctil | Yes | | √ | |
| Lise Bastarache | Yes | | | √ |
| Jean Bazin | Yes | √ | | |
| Richard Bélanger | Yes | | Chair | √ |
| Isabelle Courville | Yes | Chair | | |
| L. Denis Desautels | Yes | √ | √ | |
| Pierre Genest | Yes | | | Chair |
| Michel Labonté | Yes | | | √ |
| Jacqueline C. Orange | Yes | | √ | |
| Marie-France Poulin | Yes | √ | | |
| Réjean Robitaille | No | | | |
| Michelle R. Savoy | Yes | | √ | |
| Jonathan I. Wener | Yes | | | √ |

Further information regarding the Audit Committee can be found in Section 12 of the Annual Information Form of the Bank dated December 5, 2012, which is available on SEDAR at www.sedar.com.

³ Mr. Desautels, Chairman of the Board, is not a candidate for the next election of directors. During the 2012 fiscal year, he attended 13 out of 13 Board of Directors meetings, 7 out of 7 Audit Committee meetings and 7 out of 7 Human Resources and Corporate Governance Committee meetings.

Reports of the Committees

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

Report of the Human Resources and Corporate Governance Committee

The main accomplishments of the Human Resources and Corporate Governance Committee during the most recently completed fiscal year are as follows:

Human Resources

- The Committee reviewed the Bank's executive compensation policy, the main provisions of which are presented in Part E - "Executive Compensation" of this Circular, as well as amendments to the text of the Restricted and Performance Share Unit Plans.
- The Committee evaluated the performance of the President and Chief Executive Officer and fixed his objectives for the upcoming year. It also approved the modifications to the pension plan of the President and the Chief Executive Officer. The Committee reviewed the evaluations of the members of the Management Committee and their objectives for the upcoming year. It reviewed executive compensation, including base salary and long, medium and short-term incentive compensation. A detailed report on these subjects can be found in Part E - "Executive Compensation" of this Circular and under the same heading in the Management Proxy Circular dated January 25, 2012.
- The Committee reviewed the target bonus of the Short-Term Incentive Compensation Program applicable to senior management. The Bank's Short-Term Incentive Compensation Program is described in greater detail in Part E - "Executive Compensation" of this Circular. The Committee also approved salary increases for the non-unionized employees of the Bank.
- The Committee examined, jointly with the Risk Management Committee, the risk analysis of the compensation programs, which was prepared in accordance with the principles and standards of the Financial Stability Board.
- The Committee received the update of the market study conducted by the Hay Group. It also took cognizance of the classification of positions of senior management.
- The Committee approved the implementation of the new senior management salary structure.
- The Committee also reviewed the pension plan capitalization policy and received the report on pension plans.
- The Committee approved the 2010-2011 incentive compensation program results and the objectives of the 2011-2012 program, as well as the objectives for the 2011-2012 incentive compensation programs for the Treasury specialists.
- The Committee approved the implementation of a simplified pension plan for Laurentian Bank Securities Inc.
- The Committee approved the Bank's new organizational structure and the appointment of senior officers by Management.
- The Committee kept itself informed on various subjects related to human resources management at the Bank, including the performance management program for the Bank's employees, the share purchase program and the renewal of the collective agreement.

Corporate Governance

- The Committee reviewed the composition of the Board of Directors and the candidacies for director positions, as well as the compensation of the directors, as is more fully described in Part D - "Compensation of Directors" of this Circular.
- It also reviewed the Bank's corporate governance practices in comparison with best market practices, including the functions of the Board of Directors and mandates of its committees, the composition of the committees, the independence criteria for directors, the competencies of the Audit Committee and the directors' Code of Conduct and made recommendations to the Board of Directors thereon. The functions of the Board of Directors and mandates of its committees are set out in Schedule E to this Circular.
- The Committee coordinated the process for evaluating the Board of Directors, the committees and their members. Further information on this process can be found in Part F - "Corporate Governance" of this Circular.

Finally, the Committee reviewed its mandate and made no modifications thereto.



Isabelle Courville, Chair

Report of the Audit Committee

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

With respect to the external auditor

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

With respect to financial reporting

- In accordance with its mandate and the Financial Information Disclosure Policy, the Committee reviewed the financial statements and the Management's Discussion and Analysis included in the Bank's annual report before they were approved by the Board of Directors. It examined the interim financial statements and the Management's Discussion and Analysis included in the Bank's press releases before they were submitted to the Board of Directors. It also reviewed the Annual Information Form before it was approved by the Board of Directors.
- The Committee reviewed the financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions prior to their approval by the Board of Directors of each such subsidiary.
- The Committee continued to closely monitor the Bank's transition towards the International Financial Reporting Standards (IFRS).
- The Committee also reviewed and approved the financial statements of the Bank's pension plans.

With respect to the Internal Audit function

- As it does every year, the Committee reviewed and approved the mandate and audit plan of the Internal Audit function and regularly ensured that the function had sufficient resources. It also examined the main findings and recommendations, and the follow-ups thereon as well as the internal auditor's opinion on the internal controls. Also, as it does every year, the Committee, with no Management representatives present, met with the Bank's internal auditor in order to discuss all aspects of its mandate and any related issues.
- Over the course of the year, the Committee closely monitored the implementation of the new audit approach based on processes, the implementation of which is done progressively, as well as the new method of risk analysis which serves to establish the plan.

With respect to internal controls

- The Committee received from Management a letter of certification for the fiscal year ended October 31, 2012, and for each of the quarters of fiscal 2012 covering all of the Bank's operations.
- The Committee followed-up quarterly on the actions taken by the Bank to comply with the regulatory requirements aimed at increasing investor confidence, including those required by *Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*.

With respect to supervisory agencies

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

Finally, the Committee reviewed its mandate and approved amendments regarding approval of the financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions prior to their approval by the Board of Directors of each such subsidiary.



Richard Bélanger, Chair

Report of the Risk Management Committee

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

Oversight Functions

- The Committee reviewed and approved changes made to the following policies, plans, procedure and codes which are under its responsibility and recommended their approval by the Board of Directors, as required:
 - Policy on the Integrated Risk Management Framework
 - Credit Policies
 - Change Approval Policy
 - Operational Risk Management Policy
 - Professional Responsibility Risk Management Policy
 - Policy concerning Money Laundering and Terrorist Activity Financing
 - Regulatory Risk Management Policy
 - Cost of Funds Transfer Pricing Management Policy
 - Treasury Risk Management Policies
 - Liquidity and Financing Management Policy
 - Capital Management and Adequacy Policy
 - Pledging Management Policy
 - Reputation Risk Management Policy
 - Business Continuity Management Policy
 - Management Policy on Gross Income Distribution for Regulatory Capital
 - Information Security Management Policy
 - Financial Instruments Fair Valuations Policy
 - Policy on Insiders and Prohibited Transactions on Bank Securities
 - Personal Information Protection Policy
 - Policy Against Harassment and Violence
 - Capital Plan
 - Liquidity Contingency Plan
 - Code of Ethics for Employees (available on SEDAR)
 - Code of Ethics for Service Providers
 - Privacy Code for the Protection of Personal Information
 - Complaint Investigation Procedure
- The Committee closely monitored changes in the Bank's loan portfolio, in particular impaired loans and watchlist loans as well as the status of loan losses and the adequacy of loan loss provisions.
- The Committee reviewed and, if appropriate, approved certain loans which exceeded the limits set out in the credit policies.
- The Committee examined cases where the limits specified in the Treasury Risk Management Policies were exceeded that were brought to its attention and, when appropriate, referred them to the Board of Directors.
- The Committee reviewed and approved the 2012 mandate of the Integrated Risk Management function.
- The Committee examined, jointly with the Human Resources and Corporate Governance Committee, the risk analysis of the compensation programs, which was prepared in accordance with the principles and standards of the Financial Stability Board.
- The Committee ensured that follow-ups were made on material aspects of compliance. In particular, the Committee received and reviewed the yearly and quarterly reports on regulatory risk management and ensured that the Regulatory Risk Management function had sufficient resources.
- The Committee kept itself informed of the Bank's activities aimed at detecting and deterring money laundering and terrorist activity financing.
- The Committee received the self-assessment of the Bank's valuation process for financial instruments.
- Each quarter, the Committee received from the Chief Risk Officer an integrated risk management report, which enables the Committee to assess whether the Bank has an adequate and effective process for managing major risks. The report covers strategic, business, credit, liquidity and funding, structural, interest rate and market (arbitrage and secondary liquidities) risks, operational risks, reputational and insurance risks.
- The Committee kept itself informed of the new regulatory expectations relating to the financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions prior to their approval by the Board of Directors of each such subsidiary, on capital and liquidity management rules proposed by the Basel Committee, in particular the Internal Capital Adequacy Assessment Process (ICAAP), and on the work of the fraud prevention committee.
- The Committee approved a crisis simulation framework, the objectives of which are to establish the potential uses of crisis simulations, roles and responsibilities, an inventory of the main crisis simulations, as well as the future evolution of the framework.
- The Ombudsman's annual report was presented to the Committee.
- The Committee received the independent audit report presenting an evaluation of compliance to Guideline B-8 of the Office of the Superintendent of Financial Institutions regarding the prevention of money laundering and terrorist activity financing.
- The Committee monitored the implementation of the internal ratings method at the Bank.
- Lastly, on a quarterly basis and with no Management representatives present, the Committee met with the heads of the surveillance functions (Internal Audit, Integrated Risk Management and Regulatory Risk Management) to discuss all aspects of their respective mandates and any related matters.

Conduct Review Functions

- When necessary, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable.
- The Committee also approved the directors' report on the work of the Risk Management Committee for its conduct review functions and its submission to the Office of the Superintendent of Financial Institutions.

Finally, the Committee reviewed its mandate and made no modifications thereto.



Pierre Genest, Chair

POSITION DESCRIPTIONS

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

ETHICAL BUSINESS CONDUCT

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

Every bank employee must annually sign the Code of Ethics. Any material breach of the Code of Ethics is reported to the Risk Management Committee.

The members of the Board of Directors are required to abide by the Code of Conduct for the directors of the Bank, which integrates by reference the applicable provisions of the Code of Ethics. The Human Resources and Corporate Governance Committee oversees its application. In order to appropriately deal with any situation that may create a conflict of interest, Section 18 of the directors' Code of Conduct provides, in compliance with the *Bank Act* (Canada), that directors may not participate in any Board or committee discussions regarding such a situation and may not vote on any question relating thereto.

COMPENSATION

The Human Resources and Corporate Governance Committee is, among other things, responsible for establishing the compensation of the officers of the Bank as more fully described in Part E - "Executive Compensation" of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, ensures that director remuneration is adequate and competitive. Information regarding compensation of directors is available in Part D - "Compensation of Directors" of this Circular.

ADDITIONAL INFORMATION

Further information on the Bank's corporate governance practices can be found in the "Corporate Governance" section of the Bank's 2012 Annual Report.

PART G – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all executive officers, directors, employees and former executive officers, directors and employees of the Bank or any of its subsidiaries as at December 31, 2012.

| Purpose | Aggregate Indebtedness (\$) | |
|----------------|------------------------------------|-------------------|
| | To the Bank or its Subsidiaries | To Another Entity |
| Share Purchase | 0 | 0 |
| Other | 178,406,795 | 0 |

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

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

| Name and Principal Position | Involvement of the Bank or Subsidiary | Largest Amount Outstanding During Most Recently Completed Fiscal Year (\$) | Amount Outstanding as at December 31, 2012 (\$) | Financially Assisted Securities Purchases During Most Recently Completed Fiscal Year | Security for Indebtedness (Securities Purchase Programs Only) | Amount Forgiven During Most Recently Completed Fiscal Year (\$) |
|---|---|--|---|--|---|---|
| Luc Bernard Executive Vice-President, Retail and SME-Québec | Bank (lender) | 726,039 (Note 1) | 571,593 | – | – | 0 |
| François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Bank | Bank and Laurentian Bank Securities (lenders) | 190,000 (Note 2) | 184,000 | – | – | 0 |
| Réjean Robitaille, President and Chief Executive Officer | Bank (lender) | 1,297,554 (Note 3) | 841,158 | – | – | 0 |
| Michel C. Trudeau Executive Vice- President, Capital Markets, Bank and President and Chief Executive Officer, Laurentian Bank Securities | Laurentian Bank Securities (lender) | 125,000 (Note 4) | 112,000 | – | – | 0 |

Note 1: Mortgage line of credit at base rate -2%; line of credit at base rate -1%; personal loan, interest rate at 6.375%; RRSP loan, interest rate at 4.60%; credit card balances, interest rates at 9.99% and 19.99%.

Note 2: Mortgage line of credit at base rate -1% (Bank); margin account at prime rate +1% (LBS).

Note 3: Mortgage loan on principal residence, interest rate at 3.50%; guarantor for a mortgage loan, interest rate at 3.25%; credit card balance, interest rate at 19.99%.

Note 4: Margin account at prime rate +1%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased liability insurance for the benefit of its directors and officers and those of its subsidiaries, as a group. The limit of such insurance, which expires on December 1st, 2013, is \$50,000,000. The deductible is \$750,000 per event. The yearly premium is \$207,320.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

RULES OF ORDER

A code of procedure is used at annual meetings of shareholders in order to specify shareholders' rights and facilitate deliberations at the Meeting. Schedule F to 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 March 20, 2012 was mailed to shareholders together with this Circular.

ADDITIONAL INFORMATION

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

DIRECTORS' APPROVAL

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



Lorraine Pilon
Secretary

Montreal, Quebec, January 30, 2013

SCHEDULE A

AGGREGATE ANNUAL COMPENSATION OF THE DIRECTORS OF THE BANK (BY-LAW XII)

IT WAS RESOLVED AS A SPECIAL RESOLUTION that By-Law XII of the Bank's General By-Laws be amended and replaced by the following:

**"BY LAW XII
AGGREGATE ANNUAL REMUNERATION OF THE DIRECTORS OF THE BANK**

The aggregate amount of the remuneration which may be paid to all the directors of the Bank as directors during each financial year of the Bank shall not exceed the aggregate amount of \$2,000,000."

SCHEDULE B

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

“IT WAS RESOLVED, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to Named Executive Officer compensation disclosed in the Bank’s Management Proxy Circular for the 2013 annual shareholders’ meeting.”

SCHEDULE C
SHAREHOLDER PROPOSALS

PROPOSAL No. 1 Pension Plans: Increased Disclosure of Oversight

It is proposed that the Board of Directors each year provide assurance to shareholders and stakeholders that the pension plans offered by the Bank are managed according to sound management best practices.

The Bank offers defined contribution and benefit pension plans. Several concerns have been raised regarding the solvency and management of such plans over the last few years. Using the Canadian Institute of Chartered Accountants' excellent document *20 Questions Directors Should Ask about their Role in Pension Governance* as a reference, we will sketch out the issues these plans raise for directors, shareholders, employees and, in short, all stakeholders. Organizations increasingly prefer the defined contribution plan model.

“With defined contribution pension plans, the members bear the investment risk. For that reason, conventional wisdom holds that defined contribution plans carry little (if any) investment liability and risk exposure for directors. This conventional wisdom is wrong. Directors bear responsibility because the sponsor is involved in the selection of investment managers, in the asset classes that are offered, and in confirming that the book value limit in foreign investments is not exceeded. Member education and monitoring of investment performance and choices are matters that warrant the Board's ongoing attention. Directors bear risks of litigation due to failure to educate members, or selection and retention of poor investments or managers.

Sponsors bear the funding and investment risks for defined benefit pension plans. They must track the funded status and asset performance. Specifically, the need for additional contribution outlays may significantly affect the financial results of the sponsoring organization. Also, the tracking entails monitoring capital markets in Canada and in other major markets abroad, as most plans invest close to the book value limit in foreign investments.”

“Ultimately directors are at risk, regardless of which type of plan their organization sponsors.”

That being said, a recent review of some 500 defined benefit plans in Canada and the United States by rating agency DBRS shows that nearly two-thirds were significantly underfunded last year.

An oral report and assurance of the sound health of the plans and of the quality of the oversight carried out by the Board of Directors should be included as an item on the agenda of general annual meetings.

Recommendation of the Board of Directors

We believe that the Bank already discloses detailed information on this issue to its shareholders, which should provide sufficient reassurance. For instance, the Bank includes a very detailed section on the status of its pension plans in its annual report. In the 2012 Annual Report, this appears in Note 19 to the financial statements (pages 117 to 119 of the report). In particular, the Bank states the value of its obligations in respect of defined benefit plans, changes in defined benefit plan assets, reconciliation of funded status to the amounts recorded, discounting and compensation increase rate assumptions, etc.

This is certainly the most relevant information available and in fact constitutes detailed annual disclosure. Furthermore, we wish to note that the Bank has in place a very stringent control framework for managing its pension plans and believes that they are managed according to state-of-the-art rules. The following items attest to the responsible management the Bank applies:

- The Human Resources and Corporate Governance Committee is made up of members with strong pension plan management skills.
- The Bank has adopted policies to govern pension plan management, including a funding policy and investment policy.
- The Bank has a pension committee made up of officers, employees and union representatives.
- Management firms are selected using state-of-the-art rules through a competitive bidding process.
- Regular control reports with detailed presentations of plan status are made to the Human Resources and Corporate Governance Committee throughout the year.
- Plan performance is monitored regularly by the Bank's management.

The Board of Directors considers that the disclosure and the governance mechanisms set out above provide ample assurance for shareholders.

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

PROPOSAL No. 2 Equitable Treatment with Respect to Pension Plans

It is proposed that the Board of Directors adopt a policy under which all employees of the institution, regardless of job level, are offered the same type of pension plan (defined contribution or benefit). The pension plan shall use the same scale to calculate credited years of service, based exclusively on fixed salary, and become payable at a set retirement age.

Currently, executive officers enjoy more generous pension plans than other employees. Executive pension plans are often defined benefit plans that pay out a pre-set retirement pension while other employees contribute to a defined contribution plan under which retirement income depends, among other things, on the amounts accrued in members' retirement accounts and interest rates on the annuity purchase date. Beyond the assurance of a set retirement amount, executives are often treated preferentially in terms of credited years of service and enjoy a broader calculation base that includes salary as well as all or a portion of variable compensation.

As a result, in addition to receiving compensation that is often unrelated to an organization's performance, which is socially unacceptable given current difficult economic conditions and inequitable considering the average compensation of that organization's employees, executives continue to enjoy "extraordinary and discriminatory" benefits on retirement.

We therefore propose that all employees of the Bank, regardless of their job level, contribute to the same type of pension plan using the same scale to calculate credited years of service, based exclusively on fixed salary, and becoming payable at a set retirement age. This policy should apply to all new executive officers entering this employee category as of 2013.

Recommendation of the Board of Directors

The Bank must offer a competitive benefits package to its employees. In this respect, all permanent employees are offered one of three pension plans. The range of different plans is designed to address both job-related performance incentives and the financial ability to maintain the plans offered. The types of plans the Bank offers are: a defined contribution plan for non-unionized employees, a hybrid pension plan (with a defined benefit component and a defined contribution component) for unionized employees and a defined benefit plan for executive officers, which includes a supplemental pension plan.

Unlike the plans of many businesses in the financial industry, eligible gains for the purposes of the Bank's plans, including the executive officer plans, are calculated exclusively using base salary. No percentage of incentive compensation is used for the purposes of calculating the benefits payable under the Bank's pension plans.

With respect to pension plans for executive officers, the Bank – to attract and retain the best talents – has to offer competitive compensation programs that are comparable to the packages available in its reference market. The pension plans that are offered to executive officers in the Bank's reference market are defined benefit plans. Every two years, the Bank carries out a comprehensive market review of executive compensation and recommends any changes, as applicable. We continue to monitor market developments in this practice.

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

PROPOSAL No. 3 Gender Parity in Senior Management Positions

It is proposed that the Board of Directors commit to deploying all necessary effort to achieve a proportion of 50% female executive officers within five years.

For many decades now, our institutions of higher learning have been awarding degrees to a critical mass of women in a very wide range of fields. Also for many decades, women have held management positions but have struggled to break through the glass ceiling or get off the sticky floor. Given their talent, experience and resolve, we believe that there exist within our institutions real, psychological barriers to their access to executive positions – conscious or unconscious blocking by some male executives, the absence of policies promoting better work/life balance, a lack of effort to develop mentoring or sponsorship programs to guide and advance female talents within organizations, etc.

By not deploying incentives to increase representation by women at its topmost levels, the Bank is depriving itself of value-added equal gender representation and the complementary and high quality vision that that implies.

We therefore propose that the Board of Directors commit to attaining parity over a five-year horizon and provide details in its annual report and at its annual meetings concerning the different measures taken to attain this objective and on the progress made.

Recommendation of the Board of Directors

The Bank's management is highly sensitive to the issue of gender representation. In fact, of all Canadian banks, it has the strongest female presence on its Board with a percentage of 38%. On the operational level, about 30% of management positions (vice-president and above) are held by women. The Bank's management naturally hopes that this figure continues to grow.

The choice of people to fill executive positions is highly strategic and must first and foremost be motivated by the resolve to appoint the most competent candidates from among the interested resources with the required profile to fill available positions. While female representation in universities is now increasingly larger, candidates applying for positions as vice-presidents do not come from these cohorts, but rather from earlier generations where female representation, particularly in finance, was less strong. It follows that the pool of available resources does not always allow the selection of female candidates.

It may be that, in five years, the Bank's senior management will comprise 50% women, and the Board of Directors would be delighted at the prospect; however, the Bank can make no such commitment.

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

SCHEDULE D

STOCK OPTION PURCHASE PLAN

Stock option purchase plan for the officers of the Laurentian Bank of Canada and its subsidiaries

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

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

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

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

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

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

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

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

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

SCHEDULE E
FUNCTIONS AND MANDATES

Functions of the Board of Directors

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

1. Strategic Functions

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

2. Human Resources Management Functions

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

3. Oversight Functions

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

4. Corporate Governance Functions

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

5. Communication and Disclosure Functions

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

Functions of the Chairman of the Board

The functions of the Chairman of the Board are:

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

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

Functions of the Chair of a Committee

The functions of the Chair of a committee are:

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

Functions of the President and Chief Executive Officer

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

The functions of the President and Chief Executive Officer include:

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

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

Mandate of the Human Resources and Corporate Governance Committee

1. **Establishment** - The Human Resources and Corporate Governance Committee (the "Committee") is constituted by the Bank's Board of Directors in order to support it in exercising its human resources and corporate governance functions. The Committee reviews its mandate annually.
2. **Appointment and Membership** - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. All members of the Committee must meet the independence requirements established by the Board. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.
3. **Compensation** - For their services, the members of the Committee receive the compensation established by resolution of the Board.
4. **Meetings** - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them.
5. **Quorum** - Quorum at Committee meetings shall be constituted by a majority of the members.
6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore.
7. **Procedure** - The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.
8. **Powers of the Committee** - In carrying out its mandate, the Committee, if it deems appropriate, may:
 - (a) call a meeting of directors;
 - (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
 - (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.
9. **Secretary** - The Secretary of the Bank or any other officer designated by the President of the Bank shall carry out, with respect to the Committee's mandate, the duties of the secretary and those assigned by the Committee Chair.
10. **Functions** - The Committee exercises the following functions which are delegated by the Board as well as any other functions that may from time to time be delegated to it by the Board:
 - 10.1 **Human Resources**
 - With respect to human resources management:*
 - 10.1.1 Annually review the performance management process and evaluate its effectiveness;

- 10.1.2 Assure itself that Management implements a plan to promote the hiring, retention and motivation of qualified personnel, taking into account the Bank's competitive position and while maintaining internal equity;
 - 10.1.3 Assure itself that Management implements a periodic evaluation of the employees' level of mobilization and review the results of such evaluations;
 - 10.1.4 Receive periodic status reports on the relations between the Bank and the employees' union and examine all other labour relations questions submitted to it;
 - 10.1.5 Periodically review and, if appropriate, approve the Bank's structure;
 - 10.1.6 Review and, if appropriate, approve the human resources management policies;
 - With respect to senior officers:*
 - 10.1.7 Review and, if appropriate, recommend that the Board approves the appointment of senior officers of Executive Levels I, II and III ("senior officers") and of the Ombudsman;
 - 10.1.8 Approve the establishment of objectives for members of the Management Committee and evaluate their performance;
 - 10.1.9 Approve the terms and conditions of any employment termination agreement of a member of the Management Committee;
 - 10.1.10 Assure itself that Management implements a succession plan for senior officers and review it periodically;
 - 10.1.11 Assure itself of the integrity of senior officers and that they create a culture of integrity throughout the Bank;
 - 10.1.12 Assure itself of the competence and qualification of senior officers;
 - With respect to compensation:*
 - 10.1.13 Review and, if appropriate, recommend to the Board changes to the overall compensation framework (including short-, medium- and long-term incentive plans, benefit plans, indemnification in case of a change of control, pension plans or any similar plans, and other benefits) for senior officers, with a view to furthering the Bank's business objectives, taking into account its competitive position and while maintaining internal equity;
 - 10.1.14 Review and, if appropriate, recommend that the Board approves the terms and conditions of any stock option and incentive plans based on share value ("incentive plan");
 - 10.1.15 Approve grants made under incentive plans in accordance with their terms and conditions;
 - 10.1.16 Manage all benefits and incentive plans, indemnification in the event of change of control and retirement plans or any similar plans in accordance with the powers of administration granted to the Committee under these plans;
 - 10.1.17 Approve the compensation, individual bonuses and employment conditions of the members of the Management Committee as well as the material terms and conditions of the compensation and employment conditions applicable to the Bank's other employees and officers;
 - 10.1.18 in cooperation with the Risk Management Committee, annually monitor the relationship between compensation, performance and risk and the alignment of the Bank with the compensation principles and standards of the Financial Stability Board;
 - 10.1.19 receive, on an annual basis, the analysis of the relationship between compensation, performance and risk related to the compensation programs of the Bank prepared by the Senior Vice-President, Integrated Risk Management and the Senior Vice-President, Human Resources;
 - With respect to pension plans:*
 - 10.1.20 Assure itself that Management implements appropriate internal oversight systems with a view to adequately manage pension plans;
 - 10.1.21 Review and, if applicable, recommend to the Board the approval of the implementation, conception, governance rules, terms and conditions applicable to any pension plan offered by the Bank as well as any changes thereto;
 - 10.1.22 Follow up on the administration of the pension plans by receiving Management reports that address the following elements:
 - (a) all activities and decisions relating to the pension plans offered by the Bank and their financial situation on a semi-annual basis;
 - (b) capitalization and investment policies as well as the pension plans' actuarial valuations for capitalization purposes;
 - (c) the hiring and dismissal, as required, of: (i) a consulting actuary; (ii) one or more fund manager(s); (iii) an asset custodian; (iv) an auditor; and
 - (d) the performance of the fund manager(s) and of the pension plan's portfolio on a quarterly basis.
- 10.2 **Corporate Governance**
- With respect to the President and Chief Executive Officer:*
- 10.2.1 Recommend to the Board the appointment and dismissal of the President and Chief Executive Officer;
 - 10.2.2 Review and, if appropriate, recommend to the Board any change to the position description of the President and Chief Executive Officer;
 - 10.2.3 Annually review and recommend to the Board the objectives of the President and Chief Executive, his/her evaluation, compensation and employment conditions;
 - 10.2.4 Implement a succession plan for the President and Chief Executive Officer and review it periodically;
 - 10.2.5 Assure itself of the integrity of the President and Chief executive Officer and that he/she creates a culture of integrity throughout the Bank;
- With respect to the Board and committees:*
- 10.2.6 Review and, if applicable, recommend to the Board any changes to corporate governance rules and assure itself of their respect;
 - 10.2.7 Review the annual report on corporate governance and make recommendations to the Board if necessary;
 - 10.2.8 Review and, if applicable, recommend to the Board any changes to the functions of the Board of Directors;
 - 10.2.9 Review the Board's membership, taking into account the competencies and skills that it should possess, as well as the competencies and skills of its members, and make recommendations to the Board with respect thereto;
 - 10.2.10 Review the size of the Board and the length of its members' mandates in order to facilitate effective decision-making, and make recommendations to the Board with respect thereto;
 - 10.2.11 Review and, if appropriate, recommend to the Board any changes regarding the compensation of its members;
 - 10.2.12 Review and, if appropriate, recommend to the Board any changes to the rules respecting minimum holding of Bank shares by directors;
 - 10.2.13 Review and, if appropriate, recommend to the Board any changes to the position descriptions of the Chairman to the Board and chairs of a committee;
 - 10.2.14 Recommend to the Board the constitution of Board committees, and review and, if appropriate, recommend any changes to the committees' membership and functions;
 - 10.2.15 Review and, if applicable, recommend to the Board any changes to the Code of Conduct for the members of the Board and assure itself of its respect;
 - 10.2.16 Ensure continuing training for the members of the Board;
 - 10.2.17 Establish criteria to evaluate the independence of the members of the Board and assess their independence periodically;
 - 10.2.18 Evaluate the Board and its members;
 - 10.2.19 Ensure the recruitment of new Board members to be submitted to election by the shareholders, evaluate if each new nominee can devote sufficient time and resources to his/her duties as directors, and make recommendations to the Board with respect thereto;
 - 10.2.20 See to the orientation and integration of new members of the Board;

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

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

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| Mandate of the Audit Committee |
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1. **Establishment** - The Audit Committee (the "Committee") is constituted by the Bank's Board of Directors in order to support it in exercising its oversight and communication and disclosure functions. The Committee reviews its mandate annually.
2. **Appointment and Membership** - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank. All Committee members must meet the independence requirements established by the Board and be financially literate as stipulated in *Multilateral Instrument 52-110 – Audit Committees*. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.
3. **Compensation** - For their services, the members of the Committee receive the compensation established by resolution of the Board.
4. **Meetings** - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them. The Committee Chair, the President and Chief Executive Officer, the Chief Financial Officer, the officer in charge of Internal Audit and the external auditor can demand that a meeting be held. The external auditor receives notice of and may attend Committee meetings.
5. **Quorum** - Quorum at Committee meetings shall be constituted by a majority of the members.
6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore. The external auditor, the officer in charge of internal audit and the officer in charge of regulatory risk management may communicate directly with the Chair.
7. **Procedure** - The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.
8. **Powers of the Committee** - In carrying out its mandate, the Committee, if it deems appropriate, may:
 - (a) call a meeting of directors;
 - (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
 - (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.
9. **Secretary** - The Secretary of the Bank or any other officer designated by the President of the Bank shall carry out, with respect to the Committee's mandate, the duties of the secretary and those assigned by the Committee Chair.
10. **Functions** - The Committee discharges its statutory obligations and exercises the following functions which are delegated by the Board as well as any other functions that may from time to time be delegated to it by the Board:

10.1 **Oversight Functions**

With respect to the external auditor:

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

With respect to financial reporting:

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

- 10.1.14 Review the annual and interim financial statements, Management's Discussion and Analysis and press releases regarding annual and interim results, the annual information form and any statement required by regulatory authorities prior to their publication and recommend their adoption by the Board, if appropriate;
 - 10.1.15 Examine all investments and transactions likely to undermine the Bank's financial position that are reported by the external or internal auditor or an officer, including loans referred to in section 328 of the *Bank Act*, and meet with the external auditor to discuss them;
 - 10.1.16 Recommend to the Board the declaration of dividends and review the related press release;
 - 10.1.17 Review the annual financial statements of the subsidiaries supervised by the Office of the Superintendent of Financial Institutions and recommend their adoption by the Board of Directors of each of the subsidiaries;
 - 10.1.18 Review and, if appropriate, approve transfers of tax between the Bank and its affiliates;
 - 10.1.19 Review and, if appropriate, approve the financial statements of the pension plans offered by the Bank to its employees;
 - With respect to the internal audit function:*
 - 10.1.20 Approve the selection of the officer in charge of Internal Audit and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate;
 - 10.1.21 Assure itself that the internal audit activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
 - 10.1.22 Assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;
 - 10.1.23 Discuss with the officer in charge of Internal Audit his/her material findings and recommendations and follow up thereon;
 - 10.1.24 Periodically review the performance of the officer in charge of Internal Audit;
 - With respect to internal controls:*
 - 10.1.25 Assure itself that Management implements appropriate internal control and management information systems, review, assess and approve such systems and assure itself of their integrity and effectiveness, including the elements comprised in any certification required by regulations;
 - 10.1.26 Meet with the external auditor, the officer in charge of Internal Audit and Management to discuss the effectiveness of the implemented internal control and management information systems and the measures taken to rectify any material weaknesses and deficiencies;
 - 10.1.27 Assure itself that Management implements procedures regarding the receipt, retention and handling of complaints received with respect to accounting, internal accounting controls or audit as well as regarding confidential anonymous submissions by employees on questionable accounting or audit matters, and review and, if appropriate, approve the policy on the handling of complaints and comments about suspicious accounting and audit-related activities and assure itself of its respect;
 - With respect to supervisory agencies:*
 - 10.1.28 Meet with regulatory authorities, discuss their findings and recommendations and follow up thereon.
- 10.2 **Communication and Disclosure Functions**
- 10.2.1 Review and, if appropriate, approve the ways by which the shareholders and other stakeholders can communicate with the Bank;
 - 10.2.2 Assure itself that adequate procedures are in place to examine communication of financial information to the public excerpted or derived from financial statements, assure itself of their effectiveness, review and, if appropriate, approve the financial information disclosure policy and assure itself of its respect;
 - 10.2.3 Report to the shareholders on the Bank's performance.
11. **Reporting** - The Committee reports on its activities to the Board of Directors, verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting. The Committee also reports yearly on its activities to the shareholders in the course of the annual shareholders' meeting.

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| Mandate of the Risk Management Committee |
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1. **Establishment** - The Risk Management Committee (the "Committee") is constituted by the Bank's Board of Directors in order to support it in exercising its oversight functions. The Committee reviews its mandate annually.
2. **Appointment and Membership** - The Committee consists of at least three directors. At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank. Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.
3. **Compensation** - For their services, the members of the Committee receive the compensation established by resolution of the Board.
4. **Meetings** - The Committee meets at least once every quarter. Committee meetings may be held without notice provided the members waive such notice, as often as the members deem appropriate and at the location determined by them. The external auditor receives notice of and may attend Committee meetings.
5. **Quorum** - Quorum at Committee meetings shall be constituted by a majority of the members.
6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore.
7. **Procedure** - The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.
8. **Powers of the Committee** - In carrying out its mandate, the Committee, if it deems appropriate, may:
 - (a) call a meeting of directors;
 - (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
 - (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.
9. **Secretary** - The Secretary of the Bank or any other officer designated by the President of the Bank shall carry out, with respect to the Committee's mandate, the duties of the secretary and those assigned by the Committee Chair.
10. **Functions** - The Committee discharges statutory obligations in matters of conduct review and exercises the following functions which are delegated by the Board as well as any other functions that may from time to time be delegated to it by the Board:

10.1 Oversight Functions

With respect to integrated risk management:

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

With respect to regulatory risk management:

- 10.1.16 review and, if appropriate, recommend that the Board approve the regulatory risk management policy and assure itself of its respect;
- 10.1.17 review and, if appropriate, approve the money laundering and terrorist financing policy and assure itself of its respect;
- 10.1.18 approve the selection of the officer in charge of regulatory risk management and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation;
- 10.1.19 assure itself that the regulatory risk management activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
- 10.1.20 discuss with the officer in charge of regulatory risk management his/her material findings and recommendations and follow up thereon;

With respect to compensation:

- 10.1.21 in cooperation with the Human Resources and Corporate Governance Committee, annually monitor the relationship between compensation, performance and risk and the alignment of the Bank with the compensation principles and standards of the Financial Stability Board
- 10.1.22 receive, on an annual basis, the analysis of the relationship between compensation, performance and risk related to the compensation programs of the Bank prepared by the Senior Vice-President, Integrated Risk Management and the Senior Vice-President, Human Resources;

10.2 Conduct Review Functions

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

11. Policies - The committee reviews and, if appropriate, approves the policies for which it is responsible.

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

SCHEDULE F
CODE OF PROCEDURE

1. Application

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

2. Role of Chairman

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

3. Expression of resolution

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

4. Right to speak

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

5. Speaking time

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

6. Pertinence and good order

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

7. Shareholder proposals

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

8. Debate on a shareholder proposal

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

9. Amendment of a shareholder proposal

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

10. General matters

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



**LAURENTIAN
BANK**
