Notice of Annual Meeting of Shareholders

March 20, 2012

Management Proxy Circular

LAURENTIAN BANK

Notice of Annual Meeting of Shareholders

Notice is hereby given that the annual meeting of the shareholders of Laurentian Bank of Canada (the "Bank") will be held at the Centre Pierre-Péladeau, 300 de Maisonneuve Blvd East, Montreal, Quebec, on Tuesday, March 20, 2012 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, 2011 and the auditor's report thereon;

2) to elect directors;

3) to appoint the auditor;

4) to consider and if deemed fit adopt a resolution, on an advisory basis, on the approach to Named Executive Officer compensation disclosed in the attached Management Proxy Circular (the text of this resolution is set out in Schedule A to the attached Management Proxy Circular);

5) to consider and if deemed fit adopt shareholders' proposals (the text of these proposals is set out in Schedule B to the attached Management Proxy Circular);

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

As at January 25, 2012, the number of eligible votes that may be cast at the meeting in respect of each separate vote to be held at the meeting is 23,925,037, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 311,025,481.

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 19, 2012.

By order of the Board of Directors,

Lorraine Pilon
Secretary

Montreal, Quebec, January 25, 2012

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

Table of Contents

Management Proxy Circular

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 25, 2012.

PART A – INFORMATION ON VOTING

PERSONS MAKING THE SOLICITATION

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

PROXY INSTRUCTIONS

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

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

All valid proxies received by the Bank, through Computershare Investor Services Inc., at the address set forth in the accompanying Notice of Meeting, prior to the close of business on March 19, 2012 will be used for purposes of voting at the Meeting or any adjournment thereof in accordance with the terms of the proxy or the instructions of the shareholder as specified thereon.

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

In the exercise of their discretionary authority, the proxyholders proposed on the enclosed form of proxy intend to vote AGAINST the shareholders' proposals and FOR all matters stated in the Notice of Meeting.

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

REVOCABILITY OF PROXY

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at January 25, 2012, 23,925,037 common shares of the Bank were outstanding.

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

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

Only holders of shares registered on the registers of the Bank at the close of business on January 25, 2012, 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, 2011 and the auditor's report thereon are included in the 2011 Annual Report of the Bank mailed to shareholders. 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.

All proposed nominees have formally established their qualification, eligibility and willingness to serve on the Board of Directors of the Bank.

It is the intention of the persons proposed as proxyholders on the enclosed form of proxy to vote for the election of the proposed nominees named herein unless specifically instructed on the form of proxy to withhold such vote on such question or with respect to one or several of such nominees.

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

- his or her name, age and municipality of residence;
- the date on which he or she became director of the Bank;
- the fact that he or she is or not independent within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* and the criteria adopted by the Board of Directors of the Bank (such determination being made as at the date of this Circular);
- his or her position(s) on the Board of Directors of the Bank or its committees and the committees of the Board on which he or she sits (the attendance at Board and committee meetings is disclosed in Schedule C of this Circular);
- the number (and value) of common shares of the Bank beneficially owned, directly or indirectly, or over which he or she exercises control or direction as at the date of this Circular (the value is based on the closing price of the share on the Toronto Stock Exchange on January 25, 2012 [$47.21]);
- the number (and value) of deferred stock units (DSUs) of the Bank credited to him or her as at the date of this Circular (the value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on January 25, 2012 [$47.21]);
- his or her principal occupation and business;
- his or her principal qualifications and relevant experience to sit on the Board of Directors of the Bank;
- the main boards of directors on which he or she sits.

Pierre Anctil
Age: 52
Westmount, Quebec

Director since
March 15, 2011

Independent

Member of the Audit Committee

Common shares:	3,140
DSUs:	169
Total:	3,309 ($156,218)

Pierre Anctil is President and Chief Executive Officer of Fiera Axium Infrastructure Inc., an independent portfolio management firm dedicated to generating attractive, long-term investment returns through investing in core infrastructure assets.

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 for SNC-Lavalin Inc., and more particularly as 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 for the Opposition Leader at the National Assembly of Quebec. Mr. Anctil is Chairman of the Board of the Montreal Heart Institute.

Currently director of the following public issuer: Gaz Métro inc. (Chair of the Pension Fund Committee).

Lise Bastarache
Age: 48
Candiac, Quebec

Director since
March 7, 2006

Independent

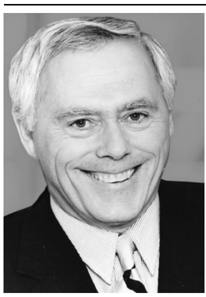
Member of the Risk Management Committee

Common shares:	3,558
DSUs:	0
Total:	3,558 ($167,973)

Lise Bastarache is an economist and a corporate director.

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.

Currently director of the following 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); member of the Board of Trustees of Chartwell Seniors Housing Real Estate Investment Trust (member of the Audit Committee and of the Investment Committee).



Jean Bazin, Q.C.
Age: 71
Montreal, Quebec

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

Independent

Member of the Human Resources and Corporate Governance Committee

Common shares:	4,803
DSUs:	358
Total:	5,161 ($243,651)

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

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

Currently director of the following public issuer: Miranda Technologies Inc. (member of the Audit Committee and of the Human Resources and Corporate Governance Committee).

Richard Bélanger, FCA
Age: 54
Lac-Beauport, Quebec

Director since
March 20, 2003

Independent

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

Common shares:	5,000
DSUs:	0
Total:	5,000 ($236,050)

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

A chartered accountant since 1980, Richard Bélanger was awarded the designation "Fellow" and the Prix Émérite by the Ordre des comptables agréés du Québec in 2004. Mr. Bélanger is a director of Toryvel Group Inc.

Currently director of the following public issuers: Stella-Jones Inc. (member of the Audit Committee); Genivar Inc. (Chairman of the Board of Directors and member of the Audit Committee).

Isabelle Courville
Age: 49
Montreal, Quebec

Director since
March 6, 2007

Independent

Chair of the Human Resources and Corporate Governance Committee

Common shares:	4,170
DSUs:	3,414
Total:	7,584 ($358,041)

Isabelle Courville is President of Hydro-Québec Distribution, the division of Hydro Québec in charge of its electricity distribution operations.

Isabelle Courville is an engineer and a lawyer. From 2003 to 2006, she was President of Bell Canada's Enterprise business segment and from 2001 to 2003, President and Chief Executive Officer of Bell Nordiq Group (Télébec NorthernTel). She was awarded in 2005, 2006 and 2008 Canada's Most Powerful Wowen: Top 100 Award 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 sits on the boards of directors of École Polytechnique de Montréal and of the Chamber of Commerce of Metropolitan Montreal. She also sits as Canadian member on the APEC (Asia Pacific Economic Cooperation) Business Advisory Council (ABAC).

Currently director of the following public issuer: Miranda Technologies Inc. (Chair of the Human Resources and Corporate Governance Committee).

L. Denis Desautels, O.C., FCA
Age: 68
Ottawa, Ontario

Director since
December 4, 2001

Independent

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

Common shares:	6,000
DSUs:	0
Total:	6,000 ($283,260)

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

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

Currently director of the following public issuers: Bombardier Inc. (Chair of the Audit Committee) and The Jean Coutu Group (PJC) Inc. (Chair of the Audit Committee and member of the Human Resources and Compensation Committee).

Pierre Genest
Age: 65
Quebec, Quebec

Director since
March 7, 2006

Independent

Chair of the Risk Management Committee

Common shares :	6,534
DSUs:	0
Total:	6,534 ($308,470)

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

Educated in actuarial sciences, Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries (USA), Pierre Genest was, from 1994 to 2001, President and General Manager of SSQ Financial Group. From 2002 to 2006, he was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.). Mr. Genest sits on the boards of directors of Professionals' Financial Inc., of Socodevi: Société de coopération pour le développement international, Conseil québécois de la coopération et de la mutualité and of Manac Inc., a truck trailer manufacturer. He is also Chairman of the Board of PFT Management Inc., a timber processing company.

Mr. Genest does not sit on the board of directors of any public issuer other than the Bank.

Michel Labonté
Age: 66
Montreal, Quebec

Director since
March 10, 2009

Independent

Member of the Risk Management Committee

Common shares :	681
DSUs :	1,170
Total:	1,851 ($87,386)

Michel Labonté is a corporate director.

Mr. Labonté was involved for over thirteen years with the National Bank of Canada, including as Senior Vice-President, Finance and Control (1993-2002). In 2002, he was appointed Senior Vice-President, Finance and Technology and named to the Bank's Executive Committee. In 2003, he was promoted to Senior Vice-President, Finance, Technology and Corporate Affairs, a position held until 2005. From 2005 to his retirement in 2006, Mr. Labonté served as an executive advisor. From March 2007 until November 2008, he acted as a financial consultant. Mr. Labonté holds the ICD.D designation of the Institute of Corporate Directors. He sits on the boards of directors of Manac Inc., a truck trailer manufacturer, and of Otéra Capital, a subsidiary of the Caisse de dépôt et placement du Québec. Mr. Labonté chairs the audit committees of each of the foregoing companies. He is also a director of the Canadian International Organ Competition.

Currently director of the following public issuer: Métro Inc. (Chair of the Audit Committee).

Jacqueline C. Orange
Age: 67
Toronto, Ontario

Director since
March 11, 2008

Independent

Member of the Audit Committee

Common shares :	5,234
DSUs:	0
Total:	5,234 ($247,097)

Jacqueline C. Orange is a corporate director.

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

Ms. Orange does not sit on the board of directors of any public issuer other than the Bank.

Marie-France Poulin
Age: 49
Quebec, Quebec

Director since
October 9, 2009

Independent

Member of the Human Resources and Corporate Governance Committee

Common shares:	3,772
DSUs:	1,358
Total:	5,130 ($242,187)

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

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

Ms. Poulin does not sit on the board of directors of any public issuer other than the Bank.

Réjean Robitaille, FCA
Age: 51
Montreal, Quebec

Director since
December 13, 2006

Not independent (officer of the Bank)

Mr. Robitaille's holding of shares and share units are detailed on page 24 of this Circular

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

Fellow of the Ordre des comptables 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.

Mr. Robitaille does not sit on the board of directors of any public issuer other than the Bank.

Michelle R. Savoy
Age: 52
Toronto, Ontario

Director since –

Independent

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

Ms. Savoy brings over 25 years' experience with 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.

Ms. Savoy does not sit on the board of directors of any public issuer.

Jonathan I. Wener, C.M.
Age: 61
Hampstead, Quebec

Director since
January 22, 1998

Independent

Member of the Risk Management Committee

Common shares:	6,604
DSUs:	0
Total:	6,604 ($311,775)

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

Member of the Order of Canada, Jonathan Wener, a renowned real estate expert, has vast experience in the commercial, industrial, residential, recreational and hotel sectors. Associated for 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 is Vice-Chair of the Board of Concordia University (Chair of the Real Estate Planning Committee) and he also sits on several boards of directors 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.

Currently director of the following public issuer: Silanis Technologies Inc. (AIM Exchange [London]).

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

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

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

APPOINTMENT OF THE AUDITOR

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

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

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

The following table presents by category the fees billed by the auditor Ernst & Young for the fiscal years ended October 31, 2011 and 2010.

Fee Category	2011 ($)	2010 ($)
Audit fees	1,822,000	1,876,000
Fees for audit-related services	522,000	249,000
Fees for tax services	129,000	19,000
Other fees	312,000	134,000
Total	2,785,000	2,278,000

Further details on the auditors' fees are provided in Section 12.5 of the Bank's Annual Information Form dated December 7, 2011, which is available on SEDAR at www.sedar.com.

During the 2011 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 7, 2011.

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

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

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

SHAREHOLDERS' PROPOSALS

The Bank received three 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, and one proposal from NEI Investments, of 500 - 1111 West Georgia Street, Vancouver, British Columbia V6E 4T6, also a shareholder of the Bank. The text of these proposals and the shareholders' statements, as well as the recommendations of the Board of Directors, are set out in Schedule B of this Circular. If these proposals come before the Meeting, the proxyholders proposed on the enclosed form of proxy intend to vote **AGAINST** them, unless other instructions are given in the form of proxy.

Shareholders wishing to have a proposal included in the next Management Proxy Circular of the Bank must provide the text of such proposal to the Secretary of the Bank at the latest on October 26, 2012.

PART C – INFORMATION ON COMPENSATION

DIRECTOR COMPENSATION

Compensation Structure

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

Per annum fixed compensation for all directors	$60,000
Per annum fixed compensation for the Chairman of the Board	$100,000
Per annum fixed compensation for the Chair of a permanent committee	$7,500
Per annum fixed compensation for a director sitting on more than one committee, except the Chairman of the Board	$6,000

Directors received 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 or working groups or training sessions offered by the Bank receive for this purpose an additional compensation of $1,200 per meeting or training session. During the last fiscal year, 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

A director may elect to receive all or part of his or her compensation in the form of issued common shares of the Bank and/or deferred stock units (DSUs).

The value of the shares is determined on the basis of the market price at the time of payment to the director. This election may be changed at any time and takes effect on the next quarterly compensation payment date.

To receive DSUs, directors must so elect annually. The Human Resources and Corporate Governance Committee may at its discretion allow directors to adhere to the plan at other times during the year. A DSU is a unit whose value is equivalent to the value of a common share of the Bank and takes into account other events affecting the stock (stock split, exchange of shares, spin-off, etc.). DSUs cannot be converted until a director leaves the Board of Directors and are paid at that time in cash or in shares. The number of DSUs awarded is established by dividing the amount payable to the director by the average market price of the common share of the Bank during the period provided in the plan. DSUs also entitle their holders to an amount equal to dividend payments, which amount is paid in the form of additional DSUs. This plan has been in force since February 1st, 2000.

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 25, 2012, all directors exceeded the target ownership level of 5,000 common shares and/or DSUs, except for Mr. Anctil (66% of the objective reached), Ms. Bastarache (71% of the objective reached) and Mr. Labonté (37% of the objective reached). The number of shares and DSUs held by each proposed nominee for election as director is indicated on pages 3 to 5 of this Circular. Mr. Robitaille is subject to minimum shareholding requirements as President and Chief Executive Officer of the Bank, as described in the "Compensation Discussion and Analysis" section hereinafter.

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 (Note 1)	52,921	0	0	0	0	0	52,921
Lise Bastarache	60,000	0	0	0	0	0	60,000
Jean Bazin	60,000	0	0	0	0	0	60,000
Richard Bélanger	73,500	0	0	0	0	0	73,500
Ève-Lyne Biron	60,000	0	0	0	0	0	60,000
Isabelle Courville	67,500	0	0	0	0	0	67,500
L. Denis Desautels	160,000	0	0	0	0	0	160,000
Pierre Genest	67,500	0	0	0	0	0	67,500
Michel Labonté	60,000	0	0	0	0	0	60,000
Carmand Normand (Note 1)	7,247	0	0	0	0	0	7,247
Jacqueline C. Orange	60,000	0	0	0	0	0	60,000
Marie-France Poulin	60,000	0	0	0	0	0	60,000
Réjean Robitaille (Note 2)	0	0	0	0	0	0	0
Jonathan I. Wener	60,000	0	0	0	0	0	60,000

Note 1: Mr. Anctil became director and Mr. Normand ceased to be director as of March 15, 2011.

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, directors may 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 2011 fiscal year, Mr. Anctil, Ms. Bastarache and Mr. Labonté 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.

EXECUTIVE COMPENSATION

For purposes of this section of the Circular, "executive officers" means the President and Chief Executive Officer of the Bank and the persons in charge of a principal business unit of the Bank or performing a policy-making function within the Bank. "Named Executive Officers" are the President and Chief Executive Officer, the 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 2011 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 2011 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.

Review of the 2011 Fiscal Year

The Bank reported solid results for fiscal 2011, despite the challenging retail banking environment. In 2011, the Bank compensated for interest margin compressions with higher other income. Significant improvements in the credit quality of the Bank's loan portfolios also contributed to these results. Investments in the Bank's business lines had positive impact in generating organic growth, as evidenced by the sustained increases in loan and deposit volumes year-over-year. The recently closed acquisition of the MRS Companies[1] and the distribution agreement of Mackenzie mutual funds (the "MRS Transaction") should also contribute to further growth of the B2B Trust and Retail segments by solidifying their competitive position.

For the fiscal year ended October 31, 2011, the Bank reported net income of $127.5 million, or diluted income of $4.81 per common share, and a return on common shareholders' equity of 11.0%, compared with net income of $122.9 million or diluted earnings of $4.63 per share and return on common shareholders' equity of 11.5% in 2010.

Excluding the integration costs related to the recently acquired MRS Companies and the compensation for termination in 2012 of the existing distribution agreement of IA Clarington funds related to the signing of a new distribution agreement of Mackenzie mutual funds, net income was $133.3 million, a new record, up 8% year-over-year, and return on common shareholders' equity was 11.6%. Excluding these one-time costs, diluted earnings per share totalled $5.05 in 2011 compared to $4.63 in 2010, a 9% increase.

The following table presents management's financial objectives for 2011 and the Bank's performance. These financial objectives are based on the assumptions noted on page 29 of the Bank's 2010 Annual Report under the title "Key assumptions supporting the Bank's objectives".

Performance indicators	2011 Objectives	2011 Results
Return on common shareholders' equity	11.0% to 13.0%	11.0% (11.6%*)
Diluted earnings per share	$4.80 to $5.40	$4.81 ($5.05*)
Revenue growth	> 5%	2%
Efficiency ratio	70% to 67%	72% (71%*)

* Excluding integration costs related to the recently acquired MRS Companies and the compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds

Further detail on the Bank's financial performance during the 2011 fiscal year can be found in the "Management's Discussion and Analysis" section of the Bank's 2011 Annual Report.

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 Human Resources and Corporate Governance Committee. As further discussed below, the Committee made certain changes to compensation plans in 2011.

[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.

Governance

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

The Committee's role is described in greater detail in some of the following sections. The Committee's mandate and its report for the 2011 fiscal year can be found respectively in Schedules E and F of this Circular.

The members of the 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 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, since March 2011;
- 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;
- member of the Human Resources Committee of Miranda Technologies Inc. and Chair since 2006;
- member of the 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. since 2004;
- member of the Committee since March 2011.

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

Marie-France Poulin:
- obtained a certification from the Collège des administrateurs de société 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 since 2008;
- member of the Committee since 2009.

Based on the above, the Board believes that, in the aggregate, the members of the Committee have the skills and experience that enable the 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.

The reference group was reviewed in 2011 following a compensation study by the Hay Group. The number of companies comprising the reference group was reduced from 38 to 26. The reference group currently encompasses the following 26 companies:

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

Prior to conducting any study on executive compensation, the Committee reviews the list of criteria and companies to be surveyed. The 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.

A single reference group is used to assess the market value of overall executive compensation. In addition, the XFN - S&P/TSX Capped Financials Index Fund, comprised of Canadian financial sector issuers listed on the Toronto Stock Exchange, is used as a comparator group for purposes of measuring performance under the Performance Share Units Plan as more fully described below under that heading.

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.

At the end of the 2010 fiscal year, a compensation study of the Bank's senior management was conducted by Towers Perrin. The Committee took into consideration the conclusions of this study to establish executive compensation for the 2011 fiscal year. The Committee also asked the Hay Group for a second analysis of the positioning of the Bank's executive compensation.

The Bank continued in 2011 the study on the positioning of the Bank's executive compensation. 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 Committee also took into consideration the conclusions of this study for determining executive compensation for the 2012 fiscal year.

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 started introducing a new service provider, the Hay Group, in 2010.

The total fees paid by the Bank for all services rendered by Towers Watson and the Hay Group to the Bank during the 2011 and 2010 fiscal years are as follows:

Advisor	Executive Compensation-Related Fees ($) (Note 1)		All Other Fees ($) (Note 2)	
	2011	2010	2011	2010
Towers Watson	38,288	31,985	122,670	179,985
Hay Group	165,626	28,000	16,178	0

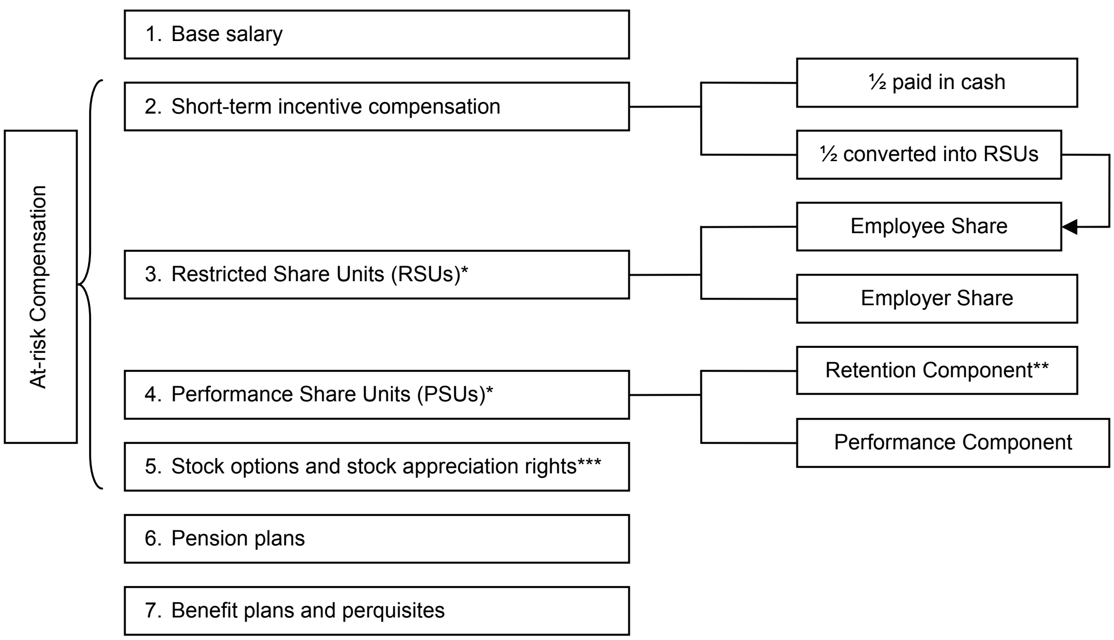
Note 1: The fees included in this category relate to the above-mentioned studies.

Note 2: 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 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

** Retention Component 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	• 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	• 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	Awarded annually only if a bonus is paid under the short-term incentive compensation program When RSUs are granted, the participant can elect to defer redemption of the units until the end of employment	• 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	Awarded annually When PSUs are granted, the participant can elect to defer redemption of the units until the end of employment	• Comparison with external market for the final expected value • Individual and corporate performance
5. Stock options and Stock Appreciation Rights (SARs)	Shares (stock options) Cash (SARs)	Vice-Presidents and holders of more senior positions	Granted on an ad hoc basis at the discretion of the Committee	
6. Pension plans (defined benefits)	Cash	Executive officers, except the President and Chief Executive Officer of LBS	Payable when the officer retires or leaves the Bank	• 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	• 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 Committee reviews the base salary of executive officers annually. For the 2011 fiscal year, the Committee awarded base salary increases to the Named Executive Officers as indicated in the "Summary Compensation Table" hereinafter.

2. Short-Term Incentive Compensation

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

This program covers all members of 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
- individual yearly objectives.

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

Target Bonus	X	Bank Financial Performance Factor	X	Individual Performance Factor	=	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 varies from 50% to 60% for an Executive Vice-President to 100% in the case of the President and Chief Executive Officer (the target bonus for the 2010 and 2009 fiscal years was 45% for an Executive Vice-President and 75% for the President and Chief Executive Officer).

The ***Bank Financial Performance Factor*** is based on the Bank's return on common shareholders' equity. It is established by the Committee at the beginning of the year in relation to the Bank's financial objectives for the fiscal year in question. The Committee believes that return on common shareholders' equity is one of the best value indicators for the shareholder since its correlation with share price is very high.

For the 2011 fiscal year, the Bank Financial Performance Factor was established as follows:

Return on Common Shareholders' Equity for the 2011 Fiscal Year (%) (Note 1)	Applicable Bank Financial Performance Factor (Note 2)
Less than 8.0	0.0
9.5	0.5
11.9	1.0
13.5 and more	1.5

Note 1: Return on common shareholders' equity is equal to net income less preferred share dividends, expressed as a percentage of average common shareholders' equity.

Note 2: A linear interpolation is used to determine the Bank Financial Performance Factor when the return on common shareholders' equity falls between two levels.

In the event that the return on common shareholders' equity for the 2011 fiscal year had been above 8.0 but below 9.5, the program allowed for the payment of special bonuses to the best performing employees only. However, the Named Executive Officers would not have been entitled to receive a bonus if the return on common shareholders' equity had been below 9.5.

As indicated above, for the 2011 fiscal year, the Bank's adjusted return on common shareholders' equity reached 11.6%. Consequently, the bonus payable under the Bank's short-term incentive compensation program was calculated with a Bank Financial Performance Factor of 0.933.

To determine the 2011 Bank Financial Performance Factor, the Committee decided to use the adjusted return on common shareholders' equity (excluding the integration costs related to the recently acquired MRS Companies and the compensation for termination in 2012 of the existing distribution agreement of IA Clarington funds) as it better reflected the achievement of the Bank's 2011 objectives and the acquisition of the MRS Companies, which is intended to create long-term value.

To establish the ***Individual Performance Factor***, each executive officer (with the exception of the President and Chief Executive Officer) agrees at the beginning of the year with the President and Chief Executive Officer on objectives for his or her sector. Such objectives include qualitative and quantitative elements necessary to reach the short- and long-term objectives of the Bank set by the Board of Directors. Individual objectives are divided in the following three broad categories:

- Sector-based Contribution: this category covers various financial and strategic metrics more fully described in the "Performance and Total Compensation of Named Executive Officers" section hereinafter.

- Values and Behaviour: one of the main components of this category is the respect of the code of conduct. The code of conduct reflects the organizational values and the expected behaviour as manager to ensure a strong ethical culture. Evaluation of the executive officer's respect of the code is conducted by his or her immediate superior as well as direct subordinates (360^{o}).

- Management: this category covers human capital management, including performance management, organizational climate, succession planning and talent management.

Throughout the year, the degree of attainment of these objectives is reported to the President and Chief Executive Officer, who, at the end of the year, submits a written evaluation of the officers' performance to the Committee. The recommendations of the President and Chief Executive Officer regarding the officer's evaluation and the setting of his or her objectives for the ensuing year are then discussed and a decision is made by the Committee. The Committee based its assessment of the performance of the Named Executive Officers for the 2011 fiscal year (other than the President and Chief Executive Officer) on the level of attainment of their individual objectives, as well as other special elements which occurred during the year. The performance of the Named Executive Officers for the 2011 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 Committee. In setting the Individual Performance Factor of the President and Chief Executive Officer for the 2011 fiscal year, the Board of Directors considered the attainment of his personal objectives set at the beginning of the year, which include all the Bank's overall financial objectives (Financial Contribution), other objectives (Values and Behaviour, Management) 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 Individual Performance Factor may vary from 0.0 to 1.5.

Except in circumstances where no annual bonus is payable, the amount of the annual bonus paid to the Named Executive Officers under the short-term incentive compensation program can vary from 0% to 225% of the Target Bonus, depending on the Bank Financial Performance Factor (which may vary from 0.0 to 1.5) and the Individual Performance Factor (which may vary from 0.0 to 1.5).

The Committee has authority to adjust bonus amounts if warranted by particular circumstances. For the 2011 fiscal year, the Committee used its authority to increase the bonus amount of Mr. François Desjardins in consideration of his work on the MRS Transaction. With the exception of Mr. Desjardins, the bonuses for the 2011 fiscal year 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 2011 fiscal year was approved by the Committee on December 6, 2011 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 RSUs, as explained below.

Program applicable to the President and Chief Executive Officer of LBS

For the 2010 and 2011 fiscal years, 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. In previous years, the bonus paid to the President and Chief Executive Officer of LBS was determined in accordance with the profit-sharing program of the Institutional - Fixed Income group of LBS.

3. Restricted Share Units (RSUs)

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

   The Committee adopted in 2005 the *Restricted Share Unit Plan for Senior Management of Laurentian Bank of Canada*, which enables executive officers to convert 50% of their annual bonus into RSUs (this conversion is mandatory for Named Executive Officers). The Bank contributes an additional amount equal to 30% of the annual bonus, which amount is also converted into RSUs. The number of RSUs awarded is based on the share price on the date of the award (as more fully described in the "Summary Compensation Table" hereinafter). Each participant must elect at the beginning of the year whether he or she wishes to participate in the 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 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 2011 fiscal year to the Named Executive Officers and the number of RSUs held by the Named Executive Officers for purposes of the shareholding requirements are disclosed under the heading "Performance and Total Compensation of Named Executive Officers" hereinafter.

   Plan applicable to the President and Chief Executive Officer of LBS

   For the 2010 and 2011 fiscal years, the President and Chief Executive Officer of LBS participated in the new 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 new program enables better risk management and greater alignment with the interest of shareholders.

   For the 2009 fiscal year, the President and Chief Executive Officer of LBS participated in the same RSU plan as the one offered to the Bank's officers. He thus converted 50% of his annual bonus into RSUs and LBS contributed an additional amount equal to 30% of his annual bonus. However, for purposes of calculating RSUs, and to foster equity with equal-level positions within the Bank, the amount converted into RSUs was based on a theoretical bonus instead of the actual bonus paid to the President and Chief Executive Officer of LBS. This theoretical bonus was calculated with a percentage of base salary (30% for 2009), an Individual Performance Factor of 1.0 and a Bank Financial Performance Factor calculated as described in the "Short-term Incentive Compensation - Program applicable to executive officers, except the President and Chief Executive Officer of LBS" section above.

4. Performance Share Units (PSUs)

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

   The PSU plan was amended in 2011 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 and the use of total shareholder return instead of return on common shareholders' equity to determine the performance objective. The amended PSU plan applies to awards made for the 2012 fiscal year and thereafter.

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

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

* 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 15% for 2009, 12.5% for 2010 and 15% for 2011)

** 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 25% for 2009, 20% for 2010 and 22.5% for 2011) (because 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 Committee at the time of the award. For purposes of the plan only, the Committee sets a target performance objective at an average return on common shareholders' equity over the three-year return period, as well as a minimum objective equal to 90% of the target performance objective and a maximum objective equal to 125% of the target performance objective. The total number of units vested will 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.

The amount of PSUs awarded for the 2011 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.

Amended PSU Plan

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

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

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

* Maximum Performance % varies from 75% in the case of an Executive Vice-President to 150% in the case of the President and Chief Executive Officer (because 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 will be a percentage, varying from 75% to 125%, of the number of units that would have been awarded at the Target Performance % (the Target Performance % varies from 60% of annual base salary in the case of an Executive Vice-President to 120% in the case of the President and Chief Executive Officer). The formula used to determine such percentage is as follows:

$$\begin{matrix}\text{(Laurentian Bank average three-year annual total shareholder return* –} \\ \text{comparator group** average three-year annual total shareholder return*)}\end{matrix} \quad \text{x } 3 + 100\%$$

* 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.

Objectives of the Share Unit Plans

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

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

- Assure the Bank’s sustained and long-term performance
  For example:
  - The minimum holding period for share units is three years and can even be deferred until the officer’s departure.
  - The holding period applies beyond the active participation by including the retirement period subject to the limits prescribed by tax rules.

- Create a direct link between the Bank’s success and the bonuses offered to its principal officers
  For example:
  - No annual bonus will be paid to executive officers if the Bank does not achieve its minimum performance objective, as stipulated in the short-term incentive compensation program. Therefore, no RSUs will be awarded.
  - The RSU plan provides for the conversion of 50% of the annual bonus into share units whose value is linked to the share price, in the event that a bonus is paid out during a given year.
  - The PSU plan provides vesting rules that take target performance into account over three years for a substantial portion of the units awarded (and for all units awarded for the 2012 fiscal year and thereafter).

- Have no dilution impact for shareholders
  For example:
  - The share units cannot be converted into shares issued by the Bank.

5. Stock Options and Stock Appreciation Rights (SARs)

The Bank has a *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries* (the creation of which was approved by the shareholders at the annual meeting held on January 24, 1992) as well as a *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*, which was adopted in 1995. Although these plans are part of existing overall executive compensation, they are used on an occasional basis and any grant is at the Committee’s discretion, 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 Committee does not grant stock options and SARs to the Named Executive Officers. Although the 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 of this Circular.

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

During the 2011 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" hereinafter.

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. Executive officers also benefit from a monthly taxable car allowance and are reimbursed for their parking. Finally, they are entitled to receive an annual medical, the costs of which are covered by the Bank. The President and Chief Executive Officer of LBS does not benefit from any particular advantage, except 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.

<u>Balance Between Variable and Fixed Compensation</u>

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

Each year, the Committee ensures that fixed 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 Committee's intention is that variable compensation (taking as a hypothesis a Bank Financial Performance Factor and an Individual Performance Factor of 1.0) account for approximately 65% of total compensation of the President and Chief Executive Officer and 50% of total compensation of the other Named Executive Officers, except the President and Chief Executive Officer of LBS. The true proportion between fixed and variable compensation will however fluctuate from one fiscal year to another depending on the applicable performance factors. 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 2011 fiscal year.

<u>Clawback Procedure</u>

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

<u>Minimum Shareholding Requirements</u>

In order to foster long-term mobilization of the Bank's executive officers, the 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: Employee Share (upon their award);
- deferred RSUs: Employee Share (upon their award) and Employer Share (upon their award); and
- deferred PSUs: Retention Component (upon their award) and Performance Component (upon their vesting).

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

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

The "Performance and Total Compensation of Named Executive Officers" section hereinafter indicates the shareholding levels of Named Executive Officers as at October 31, 2011.

<u>Risk Analysis</u>

In adopting compensation practices and setting executive compensation, the 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 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 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 2011. As a result of this analysis, the Committee deemed the level of risk associated with the various compensation programs to be satisfactory.

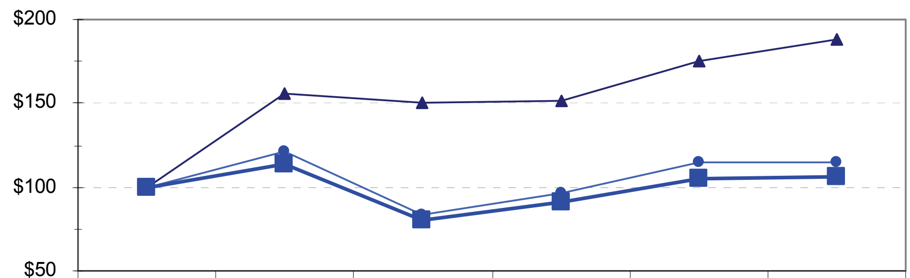
<u>Hedging</u>

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

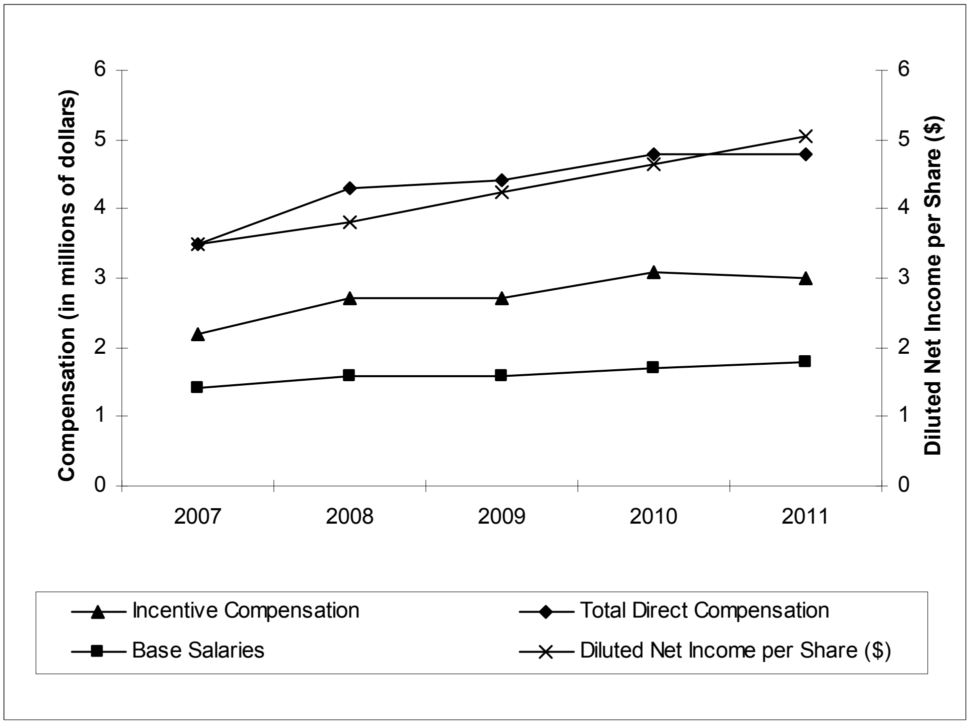
The following graph compares the cumulative total shareholder return for $100 invested in common shares of the Bank on October 31, 2006, assuming reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Composite Financials Index from the Toronto Stock Exchange for the last five fiscal years.

Cumulative Return



	2006	2007	2008	2009	2010	2011
Laurentian Bank	$100	$156	$150	$151	$175	$188
S&P/TSX Composite Index	$100	$121	$83	$96	$115	$114
S&P/TSX Composite Financials Index	$100	$114	$80	$91	$105	$106

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)

	2007	2008	2009	2010	2011
Base Salaries	1.4	1.6	1.6	1.7	1.8
Incentive Compensation	2.2	2.7	2.7	3.1	3.0
Total Direct Compensation	3.5	4.3	4.4	4.8	4.8
Diluted Net Income per Share ($)	3.49	3.81	4.23	4.63	5.05*

* Excluding integration costs related to the recently acquired MRS Companies and the compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds

Trend Analysis

During the period from November 1, 2006 to October 31, 2011, the Bank was the only bank in Canada to improve year over year its diluted net income per common share. During this period, total direct compensation also increased, more particularly between the 2007 and 2008 fiscal years following the implementation of the PSU plan, which is based on the attainment of performance objectives related to return on common shareholders' equity. The increase in total direct compensation is almost exclusively attributable to the increase in incentive compensation, base salaries having remained at a similar level all through the period. Again this year, the Bank increased its net income and its diluted net income per share despite difficult economic conditions and an uncertain regulatory environment.

Thus, during the period from November 1, 2006 to October 31, 2011, the cumulative total shareholder return as described in the above "Performance Graph" increased 88%. During this period, the Bank's net income increased 35% and diluted net income per share increased 45%. On a comparative basis, base salaries rose 3% and incentive compensation rose 36%, for an increase of total direct compensation of 37%, during the same period.

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 agréés du Québec.

Performance

2011 Objectives	2011 Results
Financial Contribution	
• Financial objectives (see table on page 9)	▪ Fifth consecutive year of record net income ▪ Revenue growth of 2% ▪ Efficiency ratio of 71%* (68.4% in 2010) ▪ Return on common shareholders' equity of 11.6%* (11.5% in 2010) ▪ Diluted net income per common share of $5.05* ($4.63 in 2010) * Excluding integration costs related to the recently acquired MRS Companies and the compensation for the termination in 2012 of the existing distribution agreement of IA Clarington funds
• Development objectives and strategic plan execution	*Development* ▪ Loans up 8% ▪ Deposits up 7.6% ▪ Substantial improvement of credit quality (31% reduction in loan losses) ▪ Other revenue up 12% *Strategic Plan* ▪ Follow through on strategic plans of business lines within a difficult economic environment ▪ Optimization of the Bank's financing and capital management ▪ MRS Transaction
Values and Behaviour	
• Become the prime representative of the Bank with the following target audiences: employees, customers, shareholders and others	▪ Meeting with the majority of employees to communicate the business plan and answer their questions and increased communication through mobilization program ▪ Regular communication with potential investors and shareholders to explain the Bank's strategy and strengths ▪ Numerous presentations on the Bank and financial world to the business community
• Respect of the code of conduct	▪ Solid commitment towards the principles provided in the code ▪ Showed leadership and agility in a difficult financial environment ▪ The Bank was selected as one of the 10 winners of the 2011 Canada's 10 Most Admired Corporate Cultures™ (Quebec and Atlantic Canada region) program presented by Waterstone Human Capital
Management	
• Performance management program and development of employees	▪ Change towards performance management well under way ▪ Rigor in application
• Improvement of the organisational climate	▪ Development of numerous initiatives to mobilise employees, the development of human capital being a priority of the Bank
• Development of a new succession plan for senior officers within the context of talent management	▪ Succession plans in place for key functions ▪ Deployment of a talent management program to better position successors, identify rising stars and develop resources

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.

	2011 ($)	2010 ($)	2009 ($)
Short-term compensation			
Base salary	598,361	588,419	550,493
Short-term incentive compensation not converted into RSUs	362,500	380,000	352,000
Medium- and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	362,500	380,000	352,000
Employer Share converted into RSUs	217,500	228,000	211,200
PSUs	450,000	414,000	414,000
Stock options	0	0	0
SARs	0	0	0
Total direct compensation	1,990,861	1,990,419	1,879,693
Pension Plans			
Annual cost of retirement benefits	26,000	197,000	21,000
Benefit Plans and Perquisites			
Car allowance and related expenses	41,540	40,912	41,255
Group insurance and other perquisites	4,842	8,016	2,936
Total compensation	2,063,243	2,236,347	1,944,884

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Robitaille for the 2011 fiscal year.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and PSUs
$598,361	$362,500	$1,030,000
30%	18%	52%
	70%	

Shareholding

Mr. Robitaille's level of shareholding as at October 31, 2011, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

Shareholding Requirement (x salary)	Base Salary set at the beginning of the 2012 Fiscal Year	Shares (#)	RSUs (#)	PSUs (#)	Total Value (Note 1)	Attainment Level
5	$600,000	2,079	41,885	19,430	$2,914,856	97%

Note 1: The value as at October 31, 2011 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date ($45.98).

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. In addition to being responsible for finance and corporate treasury, Mr. Lauzon is in charge of information technologies and real estate. He holds a Bachelor's degree in Economics and an MBA.

Performance

2011 Objectives	2011 Results
Sector-based Contribution	
• Tight management of financial resources	▪ All sectors under the Chief Financial Officer's responsibility, as well as of all the Bank's expenses, were efficiently managed
• Asset-liability management	▪ In a particularly challenging environment, very efficient asset-liability management
• Securitization	▪ The entire securitization process, including the coverage process, was well managed
• Capital management	▪ Tier I BIS capital ratio 11% ▪ Successful return of the Bank to the institutional market
• Implementation of new IFRS standards	▪ The project is almost completed and the Bank anticipates producing its financial statements under IFRS standards within the required timeframe
Values and Behaviour	
• Code of conduct	▪ Solid commitment towards the principles provided in the code ▪ Showed leadership in a difficult financial environment
Management	
• Continued implementation of the performance management program and succession plan and improvement of the organisational climate	▪ Solid objectives and evaluation process in place for performance management program ▪ Many initiatives geared towards mobilization have been implemented during the year

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.

	2011 ($)	2010 ($)	2009 ($)
Short-term compensation			
Base salary (Note 1)	329,618	314,792	220,166
Short-term incentive compensation not converted into RSUs	114,750	123,400	65,200
Medium- and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	114,750	123,400	65,200
Employer Share converted into RSUs	68,850	74,040	39,120
PSUs	130,000	112,000	71,858
Stock options	0	0	0
SARs (Note 2)	0	0	127,548
Total direct compensation	757,968	747,632	589,092
Pension Plans			
Annual cost of retirement benefits	65,000	56,000	31,000
Benefit Plans and Perquisites			
Car allowance and related expenses	35,540	34,158	29,379
Group insurance and other perquisites	419	2,427	843
Total compensation	858,927	840,217	650,314

Note 1: Mr. Lauzon is Executive Vice-President and Chief Financial Officer of the Bank since January 5, 2009.

Note 2: Mr. Lauzon received 25,000 SARs upon his appointment. The value of the SARs is based on the methodology indicated in Note 3 of the "Summary Compensation Table" hereinafter.

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Lauzon for the 2011 fiscal year.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and PSUs
$329,618	$114,750	$313,600
43%	16%	41%
	57%	

Shareholding

Mr. Lauzon's level of shareholding as at October 31, 2011, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

Shareholding Requirement (x salary)	Base Salary set at the beginning of the 2012 Fiscal Year	Shares (#)	RSUs (#)	PSUs (#)	Total Value (Note 1)	Attainment Level
3	$332,000	268	7,049	3,835	$512,769	51%

Note 1: The value as at October 31, 2011 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date ($45.98).

François Desjardins

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

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. At B2B Trust, 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

2011 Objectives	2011 Results
Sector-based Contribution	
• Profitability	▪ Profitability slightly below objective mainly due to a difficult environment and pressure on interest margin
• Efficiency ratio	▪ Efficiency ratio below objective due to pressure on interest margin and maintaining of investments in business development
• Loan and deposit growth	▪ Total loans now stand at $5.4 billion and deposits at $9.2 billion ▪ High Interest Investment Account balances up 10%, residential mortgage loans and home equity lines of credit up 9% ▪ Slower growth to maintain profitable growth
• Operational excellence	▪ Implementation of modifications to key operational process modifications to enhance service provided to advisors
• Credit risk management	▪ Despite difficult market conditions, loan losses remained low
• Acquisition (added during year)	▪ Improvement of strategic positioning through acquisition of MRS Companies
Values and Behaviour	
• Code of conduct	▪ Showed important leadership in a difficult financial environment as well as throughout the MRS Companies acquisition process
Management	
• Continued implementation of the performance management program and succession plan and improvement of the organisational climate	▪ Solid objectives and evaluation process in place for performance management program ▪ Implementation of coaching program for executive officers which allowed identification of talent and good succession planning ▪ Many initiatives geared towards mobilization have been implemented during the year

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.

	2011 ($)	2010 ($)	2009 ($)
Short-term compensation			
Base salary	289,592	278,564	254,841
Short-term incentive compensation not converted into RSUs (Note 1)	127,450	108,250	99,450
Medium- and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	127,450	108,250	99,450
Employer Share converted into RSUs	76,470	64,950	59,670
PSUs	114,000	104,000	96,000
Stock options	0	0	0
SARs	0	0	0
Total direct compensation	734,962	664,014	609,411
Pension Plans			
Annual cost of retirement benefits	39,000	59,000	34,000
Benefit Plans and Perquisites			
Car allowance and related expenses	33,839	33,791	33,813
Group insurance and other perquisites (Note 2)	205,562	423,061	659
Total compensation	1,013,363	1,179,866	677,883

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

Note 2: 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 2010 and 2011, this allowance represents $100,000 and $200,000, respectively.

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Desjardins for the 2011 fiscal year.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and PSUs
$289,592	$127,450	$317,920
39%	18%	43%
	61%	

Shareholding

Mr. Desjardins' level of shareholding as at October 31, 2011, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

Shareholding Requirement (x salary)	Base Salary set at the beginning of the 2012 Fiscal Year	Shares (#)	RSUs (#)	PSUs (#)	Total Value (Note 1)	Attainment Level
3	$292,000	4,861	18,201	5,892	$1,331,305	152%

Note 1: The value as at October 31, 2011 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date ($45.98).

Luc Bernard

Executive Vice-President, Retail Financial Services and SMEs

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

2011 Objectives	2011 Results
Sector-based Contribution	
• Profitability	▪ Profitability slightly below objective mainly due to a difficult environment and pressure on interest margin ▪ Conclusion of an agreement to become the principal distributor of a series of Mackenzie mutual funds
• Improvement of efficiency	▪ Implementation of client relationship management system ▪ Optimization of mortgage loan administration process
• Loan and deposit growth	▪ Loan and deposit growth below objective due to a difficult environment and pressure on interest margin ▪ Residential mortgage loan portfolio up 10% ▪ Average commercial loans up 18% ▪ Average deposits up 7%
• Improvement of credit risk management	▪ Improvement of credit granting policies and implementation of a new follow-up process ▪ Loan losses down 36%
Values and Behaviour	
• Code of conduct	▪ Solid commitment towards the principles provided in the code ▪ Showed leadership in a difficult financial environment
Management	
• Continued implementation of the performance management program and succession plan and improvement of the organisational climate	▪ Solid objectives and evaluation process in place for performance management program ▪ In-depth review of succession planning for the Retail teams ▪ Many initiatives geared towards mobilization implemented during the year

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.

	2011 ($)	2010 ($)	2009 ($)
Short-term compensation			
Base salary	297,072	282,995	259,290
Short-term incentive compensation not converted into RSUs	92,400	110,150	99,450
Medium- and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	92,400	110,150	99,450
Employer Share converted into RSUs	55,440	66,090	59,670
PSUs	116,000	104,000	104,000
Stock options	0	0	0
SARs	0	0	0
Total direct compensation	653,312	673,385	621,860
Pension Plans			
Annual cost of retirement benefits	59,000	72,000	25,000
Benefit Plans and Perquisites			
Car allowance and related expenses	35,540	34,158	27,359
Group insurance and other perquisites	5,969	5,494	0
Total compensation	753,821	785,037	674,219

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Bernard for the 2011 fiscal year.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and PSUs
$297,072	$92,400	$263,840
45%	14%	41%
	55%	

Shareholding

Mr. Bernard's level of shareholding as at October 31, 2011, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

Shareholding Requirement (x salary)	Base Salary set at the beginning of the 2012 Fiscal Year	Shares (#)	RSUs (#)	PSUs (#)	Total Value (Note 1)	Attainment Level
3	$300,000	171	10,401	2,903	$619,581	69%

Note 1: The value as at October 31, 2011 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date ($45.98).

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

2011 Objectives	2011 Results
Sector-based Contribution	
• Financial and development objectives	▪ Profitability slightly below objective due mainly to a difficult market environment ▪ Prudent management of capital markets activities
Values and Behaviour	
• Code of conduct	▪ Solid commitment towards the principles provided in the code ▪ Showed leadership in a difficult financial environment
Management	
• Continued implementation of the performance management program	▪ Solid objectives and evaluation process in place for performance management program
• Development of the succession plan for second-level managers	▪ Plan implemented

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.

	2011 ($)	2010 ($)	2009 ($)
Short-term compensation			
Base salary	260,000	250,000	200,000
Short-term incentive compensation not converted into RSUs	243,414	326,046	946,010
Medium- and long-term incentive compensation plans			
RSUs: Annual bonus converted into RSUs	72,178	139,734	33,990
Employer Share converted into RSUs	0	0	20,394
PSUs	78,000	50,000	60,000
Stock options	0	0	0
SARs	0	0	0
Total direct compensation	653,592	765,780	1,260,394
Pension Plans			
Annual cost of retirement benefits	0	0	0
Benefit Plans and Perquisites			
Car allowance and related expenses	5,107	4,911	4,834
Group insurance and other perquisites	286	1,747	1,437
Total compensation	658,985	772,438	1,266,665

Fixed vs Variable Compensation

The table below indicates the proportion of fixed and variable compensation of Mr. Trudeau for the 2011 fiscal year.

Fixed Compensation	Variable Compensation	
Base Salary	Annual Bonus	RSUs and PSUs
$260,000	$243,414	$150,178
40%	37%	23%
	60%	

Shareholding

Mr. Trudeau's level of shareholding as at October 31, 2011, as defined in the "Minimum Shareholding Requirements" section above, is indicated below.

Shareholding Requirement (x salary)	Base Salary set at the beginning of the 2012 Fiscal Year	Shares (#)	RSUs (#)	PSUs (#)	Total Value (Note 1)	Attainment Level
3	$260,000	1,627	5,045	0	$306,779	39%

Note 1: The value as at October 31, 2011 is based on the closing price of the Bank's common share on the Toronto Stock Exchange on that date ($45.98).

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 2)	Option-based Awards ($) (Note 3)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($) (Note 5)	All Other Compen-sation ($) (Note 6)	Total Compen-sation ($)
					Annual Incentive Plans (Note 4)	Long-term Incentive Plans			
Réjean Robitaille President and Chief Executive Officer	2011 2010 2009	598,361 588,419 550,493	667,500 642,000 625,200	0 0 0	725,000 760,000 704,000	0 0 0	26,000 197,000 21,000	46,382 48,928 44,191	2,063,243 2,236,347 1,944,884
Michel C. Lauzon Executive Vice-President and Chief Financial Officer (Note 1)	2011 2010 2009	329,618 314,792 220,166	198,850 186,040 110,978	0 0 127,548	229,500 246,800 130,400	0 0 0	65,000 56,000 31,000	35,959 36,585 30,222	858,927 840,217 650,314
François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust	2011 2010 2009	289,592 278,564 254,841	190,470 168,950 155,670	0 0 0	254,900 216,500 198,900	0 0 0	39,000 59,000 34,000	239,401 456,852 34,472	1,013,363 1,179,866 677,883
Luc Bernard Executive Vice-President, Retail Financial Services and SMEs	2011 2010 2009	297,072 282,995 259,290	171,440 170,090 163,670	0 0 0	184,800 220,300 198,900	0 0 0	59,000 72,000 25,000	41,509 39,652 27,359	753,821 785,037 674,219
Michel C. Trudeau Executive Vice-President, Capital Markets, Bank and President and Chief Executive Officer, Laurentian Bank Securities	2011 2010 2009	260,000 250,000 200,000	78,000 50,000 80,394	0 0 0	315,592 465,780 980,000	0 0 0	0 0 0	5,393 6,658 6,271	658,985 772,438 1,266,665

Note 1: Mr. Lauzon is Executive Vice-President and Chief Financial Officer of the Bank since January 5, 2009.

Note 2: 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 for 2010 and 2011) 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 (for 2010 and 2011, Mr. Trudeau had to convert into RSUs 30% of the annual bonus paid to him between $75,000 and $500,000 as well as 40% of the amount exceeding $500,000, and the employer did 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 linked to the performance of the Named Executive Officers in 2011, 2010 or 2009 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 a given date. The grant date accounting value of the RSUs (Employer Share) and PSUs is $0.

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

Note 3: These amounts represent the grant date fair value of the following awards:

- Stock options granted under the *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. No stock options were granted in 2009, 2010 and 2011 to the Named Executive Officers.
- Stock appreciation rights (SARs) issued under the *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*. Mr. Lauzon received 25,000 SARs upon his appointment. This is the only grant of SARs to a Named Executive Officer in 2009, 2010 and 2011.

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

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

Note 4: 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 for 2010 and 2011) must be converted into RSUs (see Note 2 above). These amounts were earned in 2011, 2010 or 2009 as the case may be but paid after the fiscal year end. The short-term incentive compensation program is more fully described in the "Compensation Discussion and Analysis" section above.

Note 5: 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.

Note 6: These amounts mainly represent car allowances and 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 2010 and 2011, this allowance represents $100,000 and $200,000, respectively.

Incentive Plan Awards

<u>Outstanding Share-based Awards and Option-based Awards</u>

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.

	Option-based Awards (Note 1)				Share-based Awards (Note 2)		
Name	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	10,000 *50,000* 10,000	26.968 *29.472* 34.472	Dec. 10, 2013 *Dec. 13, 2016* June 8, 2017	190,120 *825,390* 115,080	50,434	2,318,966	1,620,333
Michel C. Lauzon	25,000	35.929	Dec. 4, 2018	251,275	10,246	471,128	337,241
François Desjardins	3,750 10,000 10,000	26.968 29.596 34.472	Dec. 10, 2013 Dec. 18, 2016 June 8, 2017	71,295 163,840 115,080	12,848	407,822	646,628
Luc Bernard	3,750 10,000 10,000	26.968 29.596 34.472	Dec. 10, 2013 Dec. 18, 2016 June 8, 2017	71,295 163,840 115,080	13,321	590,773	357,557
Michel C. Trudeau	10,000	34.472	June 8, 2017	115,080	8,870	612,486	0

Note 1: Stock option and SAR awards. Stock option awards are indicated in italic and SAR awards are indicated in regular typeface. No stock options nor SARs were awarded to NEOs in 2009, 2010 or 2011, except for 25,000 SARs awarded to Mr. Lauzon upon his appointment. The grant rate for options as a percentage of shares outstanding is 0% for 2009, 2010 and 2011. 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, 2011 is 0.2% (based on 23,925,037 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, 2011 ($45.98).

Note 4: Value based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2011 ($45.98).

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	217,118	574,608	725,000
Michel C. Lauzon	275,625	0	229,500
François Desjardins	66,280	175,062	254,900
Luc Bernard	66,280	150,267	184,800
Michel C. Trudeau	25,995	133,219	315,592

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 adjusted 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 2011 fiscal year, no stock options were exercised by NEOs. Mr. Robitaille and Mr. Trudeau received $269,648 and $198,910 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 2007 fiscal year as well as PSUs granted for the 2008 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 ($45.70).

Note 3: Amounts of the annual bonuses. 50% of the annual bonuses (30% of the annual bonus over $75,000 in the case of Mr. Trudeau for 2010 and 2011) 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 therefore entitled to receive, for each year of participation, a pension equal to 2% of their average compensation, being the average base salary for their most highly compensated five consecutive years of service. This pension is payable for the life of the participant and is not integrated with benefits payable by the Régie des rentes du Québec and the Canada Pension Plan. Normal retirement age is set at age 65. However, participants may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60. Benefits are calculated on base salary only.

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

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 $225,000 if the Bank terminates Mr. Robitaille's employment contract without cause. The agreement was amended in 2011 to increase the minimum amount to $350,000 to bring it in line with market practice.

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, 2011, annual benefits payable and changes in the present value of defined benefit obligation from October 31, 2010 to October 31, 2011, including compensatory and non-compensatory changes, concerning their participation in the Plans for the 2011 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)
	Basic Plan	Suppl. Plan	At Year End (Note 2)	At Age 65 (Note 3)				
Réjean Robitaille	23.3	23.3	214,000	397,000	2,772,000	26,000	225,000	3,023,000
Michel C. Lauzon	2.8	2.8	15,000	89,000	121,000	65,000	15,000	201,000
François Desjardins	15.8	12.8	63,000	203,000	700,000	39,000	77,000	816,000
Luc Bernard	9.9	9.9	44,000	125,000	527,000	59,000	49,000	635,000

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, 2011 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 at the retirement age assumption (57) accumulated as of October 31, 2011, 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 up to October 31, 2010 or October 31, 2011, 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 5.4% and 5.25% for the fiscal years ending October 31, 2010 and October 31, 2011, respectively. Furthermore, a compensation increase rate of 3.5% has also been used. The assumptions used are described in Note 16 to the consolidated financial statements of the Bank for the 2011 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 2011 fiscal year is the decrease of the discount rate from 5.4% to 5.25%.

Termination and Change of Control Benefits

Indemnity in Case of Termination Without Cause

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

Special Retirement Agreements

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.

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

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 the amounts that would be payable under each component of the compensation of the Named Executive Officers, assuming termination effective on October 31, 2011.

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	746,750	–	746,750
	RSUs, PSUs, stock options and SARs (Note 1)	0	2,250,427	–	2,917,284
	Pension plans (Note 2)	0	2,118,000	–	2,118,000
	Benefit plans and perquisites	0	80,193	–	116,193
	Total	0	6,395,370	–	7,098,227
Michel C. Lauzon	Base salary	0	–	–	498,000
	Short-term incentive compensation	0	–	–	188,600
	RSUs, PSUs, stock options and SARs (Note 1)	0	304,756	–	739,441
	Pension plans (Note 2)	0	89,000	–	89,000
	Benefit plans and perquisites	0	–	–	78,345
	Total	0	393,756	–	1,593,386
François Desjardins	Base salary	0	–	–	438,000
	Short-term incentive compensation	0	–	–	205,967
	RSUs, PSUs, stock options and SARs (Note 1)	0	437,657	–	740,934
	Pension plans (Note 2)	0	0	–	0
	Benefit plans and perquisites	0	–	–	72,604
	Total	0	437,657	–	1,457,504
Luc Bernard	Base salary	0	–	–	450,000
	Short-term incentive compensation	0	–	–	212,867
	RSUs, PSUs, stock options and SARs (Note 1)	0	458,739	–	766,131
	Pension plans (Note 2)	0	0	–	0
	Benefit plans and perquisites	0	–	–	75,145
	Total	0	458,739	–	1,504,143
Michel C. Trudeau	Base salary	0	–	–	390,000
	Short-term incentive compensation	0	–	–	631,927
	RSUs, PSUs, stock options and SARs (Note 1)	0	281,249	–	504,228
	Pension plans (Note 2)	–	–	–	–
	Benefit plans and perquisites	0	–	–	0
	Total	0	281,249	–	1,526,155

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

Note 2: Amount of retirement benefits. In the column "Termination in the year following a change of control", the amount of retirement benefits is the additional value compared with the value presented in the column "Closing Present Value of Defined Benefit Obligation" in the "Defined Benefit Plans Table" above, assuming a termination following a change of control on October 31, 2011. 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. Mr. Trudeau does not participate in a pension plan.

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, 2011	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2011 ($)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) as at October 31, 2011
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 Subsidiar*ies. The principal terms and conditions of this plan are set out in Schedule D of this Circular.

PART D – INFORMATION ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS

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

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 appoint independent directors, except for the President and Chief Executive Officer of the Bank. Furthermore, the relationships of any proposed nominee with the Bank or its subsidiaries are assessed before appointing a new director.

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

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

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

BOARD MANDATE

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

POSITION DESCRIPTIONS

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

ORIENTATION AND CONTINUING EDUCATION

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

An information manual is also provided to each director and is regularly updated. It contains 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. Most meetings of the Board of Directors include presentations on topics of interest to the directors. For example, during the 2011 fiscal year, directors attended presentations made by internal or external presenters on the following topics: international financial reporting standards (IFRS), Basel III standards as well as the fight against money laundering and terrorist financing. Furthermore, each director who wishes to enhance his knowledge or skills may participate in outside training at the Bank's expense.

ETHICAL BUSINESS CONDUCT

Integrity is a core value of the Bank which is fully endorsed by the Board of Directors. This value is notably conveyed through the codes of ethics. On recommendation of the 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.

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

NOMINATION OF DIRECTORS

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

To this end, the Committee starts by determining the Board's needs. The selected candidates usually fulfill at least one expertise requirement of the Board of Directors in a strategic field of interest for the Bank. To this end, the Committee maintains a chart setting out the competencies that the Board should possess and evaluates each member against them. This chart contains two broad categories of competencies, namely those of a corporate nature, such as finance, audit, information technology, risk management, human resources, accounting rules and mergers and acquisitions, and those of a more operational nature, including banking services, credit, derivatives, insurance, securities, treasury, marketing and business development. Thus, the Committee may favour candidates in accordance with the most sought after competencies. Various other selection criteria are also applied, such as geographic distribution and gender ratio. With 38% of its directors being women, the Bank is a leader in gender diversity in its field. The Committee strives to increase the Board's representativeness and diversity.

The Committee thereafter puts together a list of potential nominees. After a preliminary analysis of their qualifications, competencies and skills, the Chair of the Committee meets with the most promising candidates. These also meet with the Chairman of the Board and the President and Chief Executive Officer. Following these meetings, the Committee's Chair and the Chairman of the Board are in position to make a joint recommendation to the Committee. Following a last evaluation, the Committee, if it deems appropriate, recommends to the Board the nomination of the candidate.

COMPENSATION

The Human Resources and Corporate Governance Committee is, among other things, responsible for establishing the compensation of the officers of the Bank as more fully described in the “Compensation Discussion and Analysis” section of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, ensures that director remuneration is adequate and competitive. Information regarding compensation of directors is available in the “Director Compensation” section of this Circular.

OTHER BOARD COMMITTEES

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

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

Further information regarding the Audit Committee can be found in Section 12 of the Annual Information Form of the Bank dated December 7, 2011, which is available on SEDAR at www.sedar.com.

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 and 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.

Further information on the Bank’s corporate governance practices can be found in the “Corporate Governance” section of the Bank’s 2011 Annual Report.

PART E – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all executive officers, directors, employees and former executive officers, directors and employees of the Bank or any of its subsidiaries as at December 31, 2011.

	Aggregate Indebtedness ($)	
Purpose	To the Bank or its Subsidiaries	To Another Entity
Share Purchase	94	0
Other	160,402,618	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 ($)	Amount Outstanding as at December 31, 2011 ($)	Financially Assisted Securities Purchases During Most Recently Completed Fiscal Year	Security for Indebtedness (Securities Purchase Programs Only)	Amount Forgiven During Most Recently Completed Fiscal Year ($)
Luc Bernard Executive Vice-President, Retail Financial Services and SMEs	Bank (lender)	685,705 (Note 1)	579,860	–	–	0
François Desjardins Executive Vice-President, Bank and President and Chief Executive Officer, B2B Trust	Bank (lender)	239,000 (Note 2)	222,000	–	–	0
Réjean Robitaille, President and Chief Executive Officer	Bank (lender)	1,893,949 (Note 3)	1,386,133	–	–	0

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

Note 2: Mortgage lines of credit at base rate -1%.

Note 3: Mortgage loan on principal residence, interest rate at 3.50%; guarantor for a mortgage line of credit at base rate -1% and for a mortgage loan, interest rate at 3.25%; credit card balances, interest rates at 9.99% and 19.99%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased liability insurance for the benefit of its directors and officers and those of its subsidiaries, as a group. The limit of such insurance, which expires on December 1, 2012, is $50,000,000. The deductible is $750,000 per event. The yearly premium is $251,867.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

RULES OF ORDER

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

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on March 15, 2011 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 25, 2012

SCHEDULE A

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

“IT WAS RESOLVED, in an advisory capacity and without limiting the role and responsibility of the Board of Directors, that shareholders accept the approach to Named Executive Officer compensation disclosed in the Bank’s Management Proxy Circular for the 2012 annual shareholders’ meeting.”

SCHEDULE B

SHAREHOLDERS' PROPOSALS

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

PROPOSAL No. 1 Stock Purchase Options and Actual Performance of Officers

Executive compensation in the form of stock options is a formula that has contributed to a dramatic increase in the total compensation of executive officers. These options entitle holders to purchase shares at a price stipulated in advance and can only be exercised after a specific waiting period. The amount of compensation thus obtained is equal to the difference between the agreed upon exercise price and the share price at the time the option is actually exercised. As such, the intent is to align the interests of officers with those of shareholders, while securing executive loyalty.

This compensation formula assumes that increases in share value are a function of the decisions made by senior executives. However, studies have shown that the stock market performance of organizations is influenced by numerous factors that are not under the control of senior executives, such as interest rates or inflation. For example, according to one such study conducted by Professor Magnan, between 1998 and 2008, 90% of the increase in share value of Canada's five major banks was attributable to the prevailing realities affecting the banking sector, such as low interest rates and a favourable economic context. As such, linking the exercise of stock options exclusively to increased share value is far from being appropriate.

In order for this portion of variable compensation to really achieve its objectives and take into account the elements on which senior executives can have an impact, **we move** that these options can only be exercised, after the waiting period, upon the attainment of measurable and quantifiable objectives, such as increased earnings per share, return on shareholders' equity, and other non-financial indicators deemed to be relevant by the Compensation Committee.

Recommendation of the Board of Directors

The number of securities issuable under the Bank's stock option purchase plan currently in force was limited to a total of 1,600,000, and there are now only 124,962 remaining to be issued. Therefore, large new option grants are impossible. As the Bank is unable to modify holder's rights under the existing plan, the proposal could have no effect on the options already granted. In order to grant stock options for the issuance of Bank securities over and above the prescribed limit, a new stock option purchase plan would need to be implemented and submitted to shareholders for their approval. The Board of Directors does not intend to introduce a new stock option purchase plan during the 2012 fiscal year.

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 Compensation Based on Performance

In May 2011, the Globe and Mail published a study comparing the financial performance and compensation of the most senior executive of a corporation with a group of comparable organizations. In other words, this tool compares the compensation level of the highest ranking executive of an organization and its level of financial performance vis-à-vis a number of similar institutions. As such, the shareholder can gauge whether the compensation of an organization's highest ranking officer is adequate in light of the relative financial performance of the corporation he or she oversees.

We move that such a comparison be presented for the most senior officer and the four other highest paid executives of the organization. The indicators used to calculate the organization's performance should constitute elements upon which the officers' decisions can have an impact.

Variable compensation represents the largest portion of the total compensation of executive officers. Shareholders must be in a position to be able to evaluate whether or not this variable compensation is justified given the relative financial and non-financial performance of the organization.

Recommendation of the Board of Directors

This Circular provides a detailed disclosure of the global compensation received by the highest paid members of the Bank's Management Committee, and explains the elements of the Bank's financial performance that served as the basis for this compensation. However, the Bank does not believe that a comparison between financial performance and the compensation of an organization's most senior officers with those of a group of similar organizations is a reliable indicator in the absence of uniform methods of calculation. Given that every organization has a different approach to compensation and that "financial performance" is an undefined concept (particularly in view of the fact that the shareholder is suggesting that "The indicators used to calculate the organization's performance should constitute elements upon which the officers' decisions can have an impact", which can be very subjective), such a comparison does not appear reliable.

Shareholders have access to all the information required in the proxy circulars and annual reports of reporting issuers to make the comparison they deem to be appropriate. Nevertheless, the Bank cautions against such comparisons that do not sufficiently take the specific context of each organization into account.

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 Independence of Compensation Advisors

How much do compensation advisors earn for their work within the organization? These advisors play a strategic role within the compensation committee by supporting its members in establishing executive compensation. With the majority of their fees being paid by one or a few clients, it is reasonable to speculate that compensation advisors could be tempted to yield to the influence of their major client(s) so as to meet or justify the compensation expectations of senior officers.

We move that this information be disclosed so that shareholders may be assured that the work of compensation advisors is objective, with no conflict of interest involved.

Recommendation of the Board of Directors

The compensation advisors present the Bank's Human Resources and Corporate Governance Committee with compensation studies essentially containing market data. The Board of Directors is of the opinion that the fees paid to the compensation advisors in 2010 and 2011 (which are disclosed in this Circular) do not represent a large enough amount to conclude that the report presented cannot be objective. Moreover, the Bank does not possess information on all of the advisors' earnings to be able to determine if the majority of their income is derived from the Bank, although it would be reasonable to assume that this is not the case.

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

The Bank received one proposal from a shareholder – NEI Investments. The text of this proposal and the statement made by this shareholder are reproduced in full below, as is the recommendation of the Bank's Board of Directors.

PROPOSAL No. 4 Metrics Used for Executive Compensation

Be it resolved that:

The Human Resources and Corporate Governance Committee of the Board assess the risks and benefits of reliance on a single metric (return on common shareholder equity) for determining the company's financial performance factor when peers are utilizing a basket of metrics; and disclose the individual performance factor for each Named Executive Officer.

Supporting Statement

In the wake of the financial crisis, as citizens and regulators are demanding more accountability, it is crucial that Board committees exercise their duty to ensure that executives are financially rewarded for creating sustainable value and not for taking short-term risks.

When determining the financial performance factor for short-term incentive compensation, Laurentian Bank relies on a single metric – return on common shareholder's equity (RCSE). Utilizing a combination of metrics would be more appropriate to discourage actions that would achieve one result at the expense of others.

RCSE is also the sole metric underlying the bank's performance share units (PSUs), and serves as a threshold for the entire short-term incentive program. One of the risks associated with reliance on a single financial metric, in addition to incenting short-term gains, is the ease with which Boards may use discretion to over-ride this trigger. Laurentian has used this discretion twice – in FY2003 and FY2004.

Laurentian also lags its peers by omitting non-financial metrics in the determination of corporate performance. Other Canadian banks incorporate customer satisfaction and retention or employee turnover and engagement metrics into their business performance factor. If ignored, these metrics can negatively impact long-term financial performance for the benefit of short-term gains.

Laurentian includes RCSE once again as an individual performance result for the CEO – suggesting this metric is used for determining both the company's financial performance factor and his individual performance factor, thus rewarding twice for attainment of the same result (thrice if PSUs are included).

Laurentian did not disclose the individual performance factor for its Named Executive Officers (NEOs) in the 2010 proxy circular when peers, such as the Royal Bank, did. Disclosing the individual performance factor for each NEO allows investors to calculate the compensation awarded and clearly see the link between pay and performance.

Recommendation of the Board of Directors

This proposal is substantially identical to the one submitted last year by the same shareholder, which was rejected by 72.31% of the vote at the 2011 annual meeting of the shareholders of the Bank.

The Board of Directors reiterates that the Bank's Human Resources and Corporate Governance Committee relies on a broad range of metrics for determining executive compensation. In 2011, the Committee even introduced an additional metric for the Bank's performance share units, namely the comparison of the Bank's average three-year annual total shareholder return with that of a comparator group.

Short term incentive compensation

As shown by the various components that form part of the short-term incentive compensation program, return on common shareholders' equity (RCSE) is not the only metric used to determine executive compensation.

Target Bonus	X	Bank Financial Performance Factor	X	Individual Performance Factor	=	Short Term Incentive Compensation
		↓		↓		
		RCSE Varies from 0 to 1.5		• Financial/Sector-based contribution • Values and Behaviour • Management Varies from 0 to 1.5		

The Board of Directors believes that the use of RCSE to determine the Bank Financial Performance Factor ensures that the shareholder receives a certain rate of return before incentive compensation is paid to executive officers and that the incentive compensation paid is aligned with the shareholder's return.

The other factor used for purposes of short-term incentive compensation is the Individual Performance Factor. This Circular presents on page 15 the detail of each of the components used to establish the Individual Performance Factor. In particular, various financial and strategic metrics related to the Bank (in the case of the President and Chief Executive Officer) or to the sectors of activity (for the other executive officers) are used in determining the Individual Performance factor.

It should also be noted that 50% of the short-term incentive compensation is converted into restricted share units (RSUs), which are paid at the expiration of a three-year period from the date of the award or are deferred until the officer leaves the Bank.

For these reasons, the Board of Directors believes that the Bank's short-term incentive compensation program is not based on a single financial performance metric and that, overall, the other components used to establish the Individual Performance Factor ensure that the Bank's short-term incentive compensation program is similar to other programs within the industry.

Performance share units

As indicated on page 16 of this Circular, the Bank's Performance Share Unit Plan was amended in 2011 and is now based on comparison of the Bank's average three-year annual total shareholder return with that of a comparator group.

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

SCHEDULE C

SUMMARY OF ATTENDANCE
(for the Fiscal Year Ended on October 31, 2011)

	Attendance			
Director	Board of Directors	Audit Committee	Risk Management Committee	Human Resources and Corporate Governance Committee
Pierre Anctil *(Director since March 15, 2011)*	7/7	3 / 3		
Lise Bastarache	11 / 12		6 / 6	
Jean Bazin	9 / 12	3 / 3		6 / 6
Richard Bélanger	11 / 12	6 / 6	6 / 6	
Ève-Lyne Biron	10 / 12	6 / 6		
Isabelle Courville	12 / 12			11 / 11
L. Denis Desautels	12 / 12	6 / 6		11 / 11
Pierre Genest	12 / 12		6 / 6	
Michel Labonté	10 / 12		5 / 6	
Carmand Normand *(Director until March 15, 2011)*	5 / 5			5 / 5
Jacqueline C. Orange	12 / 12	6 / 6		
Marie-France Poulin	11 /12			11 / 11
Réjean Robitaille	12 / 12			
Jonathan I. Wener	9 / 12		5 / 6	

Summary of Board of Directors and Committee Meetings held

	Number of meetings held
Board of Directors	12 (Note 1)
Audit Committee	6 (Note 2)
Risk Management Committee	6 (Note 3)
Human Resources and Corporate Governance Committee	11 (Note 4)

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

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

Note 3: Members of the Committee met privately with the representatives of the surveillance functions at all six meetings.

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

SCHEDULE D

STOCK OPTION PURCHASE PLAN FOR THE OFFICERS OF THE LAURENTIAN BANK OF CANADA AND ITS SUBSIDIARIES

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

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

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

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

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

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

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

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

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

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 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.

Mandate of the Audit Committee

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

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

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

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

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

6. **Chair** - The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore. The external auditor, the officer in charge of internal audit and the officer in charge of 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 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 interimfinancial 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 and, if appropriate, approve transfers of tax between the Bank and its affiliates;

10.1.18 Review and, if appropriate, approve the financial statements of the pension plans offered by the Bank to its employees;

With respect to the internal audit function:

10.1.19 Approve the selection of the officer in charge of Internal Audit and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate;

10.1.20 Assure itself that the internal audit activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;

10.1.21 Assure itself that the scope of the audit plan is appropriate, risk based, and addresses major areas of concern, and that the audit plan is reviewed with appropriate frequency;

10.1.22 Discuss with the officer in charge of Internal Audit his/her material findings and recommendations and follow up thereon;

10.1.23 Periodically review the performance of the officer in charge of Internal Audit;

With respect to internal controls:

10.1.24 Assure itself that Management implements appropriate internal control and management information systems, review, assess and approve such systems and assure itself of their integrity and effectiveness, including the elements comprised in any certification required by regulations;

10.1.25 Meet with the external auditor, the officer in charge of Internal Audit and Management to discuss the effectiveness of the implemented internal control and management information systems and the measures taken to rectify any material weaknesses and deficiencies;

10.1.26 Assure itself that Management implements procedures regarding the receipt, retention and handling of complaints received with respect to accounting, internal accounting controls or audit as well as regarding confidential anonymous submissions by employees on questionable accounting or audit matters, and review and, if appropriate, approve the policy on the handling of complaints and comments about suspicious accounting and audit-related activities and assure itself of its respect;

With respect to supervisory agencies:

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

10.2 Communication and Disclosure Functions

10.2.1 Review and, if appropriate, approve the ways by which the shareholders and other stakeholders can communicate with the Bank;

10.2.2 Assure itself that adequate procedures are in place to examine communication of financial information to the public excerpted or derived from financial statements, assure itself of their effectiveness, review and, if appropriate, approve the financial information disclosure policy and assure itself of its respect;

10.2.3 Report to the shareholders on the Bank's performance.

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

Mandate of the Risk Management Committee

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

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

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

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

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

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

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

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

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

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

COMMITTEE REPORTS

Dear Shareholders,

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

Report of the Human Resources and Corporate Governance Committee

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

Human Resources

- The Committee reviewed the executive compensation policy, the main provisions of which are presented in the "Compensation Discussion and Analysis" section of this Circular, as well as the restricted share unit plan for the Capital Markets employees.
- The Committee evaluated the performance of the President and Chief Executive Officer and fixed his objectives for the upcoming year. It also reviewed the evaluations of the members of the Management Committee and their objectives for the upcoming year. The Committee reviewed senior management compensation, including base salary and long, medium and short-term incentive compensation. A detailed report on these subjects can be found under the "Compensation Discussion and Analysis" heading in the Bank's Management Proxy Circular dated January 18, 2011 and under the same heading in this Circular.
- The Committee reviewed the performance management policy applicable to most employees. It also reviewed the short-term incentive compensation program applicable to most employees and the bonus thresholds. The Bank's short-term incentive compensation program and bonus threshold are described in greater detail in the "Compensation Discussion and Analysis" section 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 conducted an in-depth review of the executive compensation methodology, jointly with the Hay Group, including: (i) the mandate and methodology, including the reference group; (ii) the compensation philosophy; (iii) total direct compensation; (iv) the incentive compensation programs; and (v) classification of positions.
- The Committee also reviewed the pension plan capitalization policy and received the report on pension plans.
- The Committee reviewed the restricted and performance share unit plans for senior management and made certain amendments thereto.
- The Committee approved the Bank's new organizational structure.
- 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 union relations.

Corporate Governance

- The Committee reviewed the composition of the Board of Directors and the candidacies for director positions.
- It also reviewed the Bank's corporate governance practices in comparison with best 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 of 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 D "Information on Corporate Governance" of this Circular.

Finally, the Committee reviewed its mandate and made minor 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 described below.

With respect to the external auditor

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

With respect to financial 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 closely monitored the Bank's transition towards the International Financial Reporting Standards (IFRS), including an assessment of its role and responsibilities with respect to transition, and kept itself informed of the new capital and liquidity rules proposed by the Basel Committee.
- The Committee also reviewed and approved the financial statements of the Bank's various pension plans.

With respect to the Internal Audit function

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

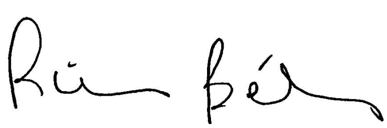
With respect to internal controls

- The Committee received from Management a letter of certification for the fiscal year ended October 31, 2011, and for each of the quarters of fiscal 2011 covering all of the Bank's operations.
- The Committee followed-up quarterly on the actions taken by the Bank to comply with the regulatory requirements aimed at increasing investor confidence, including those required by *Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*.
- The Committee also reviewed the Bank's Policy on the Handling of Complaints and Comments About Suspicious Accounting and Audit-Related Activities.

With respect to 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 modifications to harmonize it with IFRS terminology.



Richard Bélanger, Chair

Report of the Risk Management Committee

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

Oversight Functions

- The Committee reviewed and approved changes made to the following policies, plans, procedure and codes which are under its responsibility and recommended their approval by the Board of Directors, as required:
  - Policy on Integrated Risk Management Framework
  - Credit Policies
  - Change Approval Policy
  - Operational Risk Management Policy
  - Professional Responsibility Risk Management Policy
  - Outsourcing 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
  - Structural Risks 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
  - Financial Instruments Fair Valuations Policy
  - General Allowances for Credit Risk Policy
  - Policy on Insiders and Prohibited Transactions on Bank Securities
  - Personal Information Protection Policy
  - 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 2011 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, funding and capital, market, treasury, reputation, structural, and operational risks.
- The Committee kept itself informed on the new regulatory expectations relating to capital and liquidity management proposed by the Basel Committee, in particular the Internal Capital Adequacy Assessment Process (ICAAP) and the work of the fraud prevention committee.
- The Ombudsman's annual report was presented to the Committee.
- Lastly, on a quarterly basis and with no Management representatives present, the Committee met with the heads of the surveillance functions (Internal Audit, Integrated Risk Management and 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 minor modifications thereto.

Pierre Genest, Chair

SCHEDULE G

CODE OF PROCEDURE

1. Application

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

2. Role of Chairman

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

3. Expression of resolution

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

4. Right to speak

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

5. Speaking time

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

6. Pertinence and good order

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

7. Shareholder proposals

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

8. Debate on a shareholder proposal

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

9. Amendment of a shareholder proposal

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

10. General matters

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

LAURENTIAN
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