



Notice of Annual Meeting of Shareholders

March 6, 2007

Management Proxy Circular



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual meeting of the shareholders of Laurentian Bank of Canada (the "Bank") will be held at the Imperial, 1430 de Bleury Street, in Montreal, Quebec, on Tuesday, March 6, 2007 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, 2006 and the auditor's report thereon;
- 2) to elect directors for the ensuing year;
- 3) to appoint the auditor;
- 4) to transact such other business as may properly be brought before the meeting.

As at January 16, 2007, 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 23,632,947, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 307,228,311.

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 5, 2007, or hand-delivered at the registration table on the day of the meeting prior to the commencement of the meeting.

A handwritten signature in black ink, appearing to be "L. Pilon", written over a large, light-colored circular scribble.

By order of the Board of Directors,

Lorraine Pilon
Secretary

Montreal, Quebec, January 16, 2007

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 on the Notice of Meeting (or deliver it at the registration table on the day of the meeting prior to the commencement of the meeting). Your shares will be voted in accordance with your instructions as indicated on the form of proxy.

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

INSTRUCTIONS FOR NON-REGISTERED* SHAREHOLDERS

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

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

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

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

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

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

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MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 16, 2007.

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 the 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 "Voting Securities and Principal Holders of Voting Securities", **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 place set forth in the accompanying Notice of Meeting, prior to the close of business on March 5, 2007 will be used for purposes of voting at the Meeting or any adjournment thereof in accordance with the terms of the proxy or the instructions of the shareholder as specified thereon.

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

In the exercise of their discretionary authority, the proxyholders proposed on the enclosed form of proxy intend to vote FOR all matters stated on 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 16, 2007, 23,632,947 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 in the section entitled "Election of Directors", 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 16, 2007, 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, 2006 and the auditor's report thereon are included in the 2006 Annual Report of the Bank mailed to shareholders with this Circular. The financial statements were prepared in accordance with Canadian generally accepted accounting principles, including the accounting requirements specified by the Office of the Superintendent of Financial Institutions (Canada).

ELECTION OF DIRECTORS

The holders of common shares will elect 13 directors to hold office until the close of the next annual meeting of the 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 persons named on the following list, in the opinion of management, are qualified to supervise the Bank's activities for the ensuing year. All proposed nominees have formally established their eligibility and willingness to serve on the Board of Directors of the Bank.

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

The following table presents, on the date hereof, the name and municipality of residence of the proposed nominees for election as directors, together with their principal occupation and business, the main boards of directors on which they sit, their position(s) on the Board of Directors of the Bank or its committees, the date on which they became directors of the Bank, the number of common shares of the Bank beneficially owned, directly or indirectly, or over which they exercise control or direction and the number of deferred stock units of the Bank credited to them.



Lise Bastarache
Candiac, Quebec

Director since March 7, 2006

Member of the Audit Committee

Common shares: 430
Deferred stock units: 0

Lise Bastarache is a corporate director and economist.

Ms. Bastarache holds a bachelor's and master's degree and pursued doctoral studies in Economics. Ms. Bastarache was, prior to February 2005, Regional Vice-President - Quebec, Private Banking at RBC Financial Group. Ms. Bastarache sits on several boards of directors, namely those of The Jean Coutu Group (PJC) Inc., Chartwell Seniors Housing Real Estate Investment Trust, two publicly-traded entities, as well as New Brunswick Power. She is also member of the board of governors of the Université de Moncton, where she chairs the Finance Committee.



Jean Bazin, Q.C.
Nuns' Island, Verdun, Quebec

Director since
September 1st, 2002

Member of the Audit Committee

Common shares: 3,245
Deferred stock units: 0

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. Jean Bazin 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 various non-publicly traded companies, including the Société générale de financement du Québec. He also sits on the board of directors of Miranda Technologies Inc., a publicly traded company.



Richard Bélanger
Lac-Beauport, Quebec

Director since
March 20, 2003

*President of the Audit Committee
and member of the Risk
Management Committee*

Common shares: 5,000
Deferred stock units: 0

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

A chartered accountant since 1980, Richard Bélanger was awarded the Prix Émérite and the designation "Fellow" by the Ordre des comptables agréés du Québec in May 2004. Mr. Bélanger is also President of Stetson Timberlands Inc., a forestry operations company, and of Theseus Capital Inc., a capital pool company listed on the TSX Venture Exchange. He sits on the board of directors and the audit committee of Stella-Jones Inc., a publicly traded company. He also sits on the board of directors of InterTrade Systems Inc.



Ève-Lyne Biron
Candiac, Quebec

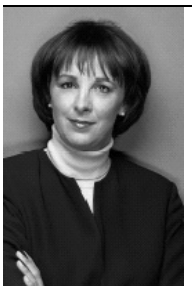
Director since
March 20, 2003

*Member of the Human Resources
and Corporate Governance
Committee*

Common shares: 2,438
Deferred stock units: 1,125

Ève-Lyne Biron is President and General Manager of Laboratoire Médical Biron inc., a medical laboratory.

Ève-Lyne Biron holds a masters in business administration. Her company ranked 37th of the top 100 Canadian companies managed by women in 2003. She was a 2004 award winner of the Nouveaux Performants competition, "Entrepreneur" category and finalist for the 2005 Femmes d'affaires du Québec award. Ms. Biron sits on the boards of directors of the Orchestre symphonique de Longueuil, the Armand-Frappier Foundation and of Longueuil Economic Development. Ms. Biron does not sit on the board of directors of any publicly traded company other than the Bank.



Isabelle Courville
Dorval, Quebec

Director since ---

Common shares: 0
Deferred stock units: 0

Isabelle Courville is President of Hydro Québec TransÉnergie, the division of Hydro Québec in charge of its electricity transmission operations.

Isabelle Courville is an engineer and a lawyer. Prior to January 2007, she was President of Bell Canada's Enterprise business segment, prior to June 2003, she was President and Chief Executive Officer of Bell Nordiq (Télébec NorthernTel) and prior to December 2001, she was Senior Vice-President - Supply Chain and Capital Management, also with Bell Canada. For the second consecutive year, she was awarded Canada's Most Powerful Women Top 100 Award by the Women's Executive Network. Ms. Courville sits on the board of directors of the St. Justine Hospital Foundation and is governor of the Jeune chambre de commerce de Montréal. She also sits on the board of directors of Miranda Technologies Inc., a publicly traded company.



L. Denis Desautels, O.C.
Ottawa, Ontario

Director since
December 4, 2001

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

Common shares: 3,500
Deferred stock units: 0

L. Denis Desautels is Executive-in-Residence, School of Management of the University of Ottawa.

Fellow of the Ordre des comptables agréés du Québec and of the Institute of Chartered Accountants of Ontario and involved with a number of professional committees including the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants, Mr. Desautels is a recognized Canadian authority on governance. Auditor General of Canada from 1991 to 2001, he was appointed Officer of the Order of Canada in 2001. Mr. Desautels sits on the board of directors of CARE Canada and on the board of governors of the International Development Research Centre (IDRC). He also sits on the boards of directors of Alcan Inc., Bombardier Inc., and The Jean Coutu Group (PJC) Inc., which are all publicly traded companies.



Pierre Genest
Quebec, Quebec

Director since
March 7, 2006

Member of the Risk Management Committee

Common shares : 430
Deferred stock units: 0

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

Educated in actuarial sciences, Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries (USA), Pierre Genest was, prior to January 2002, President and General Manager of SSQ Financial Group. He began his career in 1969 at The Mercantile and General Reinsurance Company of Canada and was one of the principal shareholders of Optimum International Group. In 1986, he began a long and prolific career with the SSQ Group. From January 2002 to January 2006, he was President and Chief Executive Officer of the Fonds de solidarité des travailleurs du Québec (F.T.Q.). Mr. Genest sits on the boards of directors of Professionals' Fund Group Inc., Sogemec Assurances inc. and Manac Inc. Mr. Genest does not sit on the board of directors of any publicly traded company other than the Bank.



Georges Hébert
Town of Mount-Royal, Quebec

Director since
June 5, 1990

Member of the Risk Management Committee

Common shares: 5,000
Deferred stock units: 0

Georges Hébert is President of Prosys-Tec Inc., one of the largest assemblers of computers, laptops and servers in Canada.

Georges Hébert has long been active in the transport sector. Notably, he was President of Clarke Transport Canada Inc. before acquiring, in 1988, J.A. Provost Inc., a supplier of home and commercial security systems. He sits on the boards of directors of various companies, including MDS Aerospace and Vitran Corporation Inc., a publicly traded company.



Veronica S. Maidman
Toronto, Ontario

Director since
February 8, 2001

Member of the Risk Management Committee

Common shares: 2,106
Deferred stock units: 0

Veronica S. Maidman is Chair, Advisory Council of Equifax Canada Inc., a credit information management company.

Veronica Maidman previously held the position of President of Equifax Canada Inc. Throughout the years she has worked with all levels of government concerning legislative and regulatory issues with particular emphasis on consumer privacy. Mrs. Maidman is member of the board of governors of the Credit Counselling Service of Toronto, sits on the governing council of the Sunnybrook and Women's Foundation, and is a member of The Toronto Board of Trade. She has studied at Ryerson University (Business Administration) and Wharton School – University of Pennsylvania (Wharton Advanced Management). Mrs. Maidman does not sit on the board of directors of any publicly traded company other than the Bank.



Pierre Michaud, C.M.
Montreal, Quebec

Director since
January 26, 1990

Vice-Chairman of the Board and Chair of the Human Resources and Corporate Governance Committee

Common shares: 15,585
Deferred stock units: 17,154

Pierre Michaud is Chairman of the Board of Provigo Inc., a distributor of food products.

Member of the Order of Canada, Pierre Michaud has a vast experience in the retail business as much as in corporate governance. Very active in many charitable organizations, Mr. Michaud is a member of the boards of governors of Centraide. He is director of Loblaw Companies Limited, a publicly traded company, as well as director of the following non publicly traded companies: Bombardier Recreational Products Inc. and Gaz Métro Inc.



Carmand Normand
North Hatley, Quebec

Director since
July 1st, 2004

*Member of the Human Resources
and Corporate Governance
Committee*

Common shares: 36,347
Deferred stock units: 0

Carmand Normand is Executive Chairman of Addenda Capital inc., a publicly traded investment management firm specializing in the active management of fixed-income portfolios.

With over 35 years of experience in the field of finance, Carmand Normand is an excellent investment strategist. Mr. Normand won particular recognition in 2000, when he received the Hermès Award for outstanding career accomplishments from the Faculty of Business Administration of Université Laval. Mr. Normand is also Vice-Chairman of the Board and member of the Audit Committee of the Montreal Exchange.



Réjean Robitaille
La Prairie, Quebec

Director since
December 13, 2006

Common shares: 1,097
Deferred stock units: 0

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

A chartered accountant, Réjean 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, putting him in line to succeed Mr. Raymond McManus as President. Mr. Robitaille chairs the Quebec Committee of the Canadian Bankers Association. Mr. Robitaille does not sit on the board of directors of any publicly traded company other than the Bank.



Jonathan I. Wener, C.M.
Hampstead, Quebec

Director since
January 22, 1998

*Chair of the Risk Management
Committee*

Common shares: 4,221
Deferred stock units: 0

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

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 30 years with the success of Candere Management, Mr. Wener contributes to the well-being of his community through his involvement in numerous professional associations and charitable organizations. Mr. Wener is Vice-Chair of the Board of Concordia University and he also sits on several boards of directors including those of The Montreal Museum of Fine Arts Foundation, The Foundation of Greater Montreal, The Jewish General Hospital and its Foundation and the Festival des Arts de Saint-Sauveur. Mr. Wener also sits on the board of trustees of Legacy Hotels Real Estate Investment Trust, a publicly traded entity and is a member of its Audit Committee.

Information concerning the number of securities held was provided by each proposed nominee.

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. This firm of accountants was appointed as auditor of the Bank during the past five years. Ernst & Young has acted as auditor of the Bank, either alone or in conjunction with another firm, continuously since 1990.

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.

During the fiscal year ended October 31, 2006, the fees billed by the accounting firm Ernst & Young reached \$2,034,300 and were allocated as follows: \$1,672,300 for audit services, \$148,500 for audit-related services, nil for tax services and \$213,500 for other services. Further details on the auditors' fees are provided in Section 13.5 of the Bank's Annual Information Form dated January 16, 2007, which is available on SEDAR at www.sedar.com.

During the 2006 fiscal year, the Audit Committee revised the policy regarding services that may be rendered by the Bank's external auditor. This policy is presented in Section 13.4 of the Bank's Annual Information Form dated January 16, 2007.

PART C – OTHER INFORMATION

COMPENSATION OF DIRECTORS

The compensation structure of the directors of the Bank, unchanged since November 6, 2004, is the following:

Per annum fixed compensation for all directors	\$20,000
Per annum fixed compensation for the Chairman of the Board	\$75,000
Per annum fixed compensation for the Vice-Chairman of the Board	\$25,000
Per annum fixed compensation for the Chair of a committee	\$6,000
Attendance fee for each Board of Directors or committee meeting	\$1,200
Attendance fee for each Board of Directors or committee meeting held by conference call	\$500

Directors are also entitled to the reimbursement of their hotel and travel expenses, if applicable.

Directors who are officers of the Bank are not entitled to any compensation or attendance fee as members of the Board of Directors or of its committees.

Directors may elect to receive annually all or part of their compensation in the form of issued common shares of the Bank. This form of compensation is mandatory for the payment of a director's fixed compensation, until such time as the director holds at least 2,000 common shares of the Bank. The value of the shares is determined on the basis of the market price at the time of payment to the director.

Directors who hold at least 2,000 common shares may also elect to receive all or part of their compensation in the form of deferred stock units of the Bank (DSUs). To receive DSUs, directors must so elect annually, at least one month before the commencement of the Bank's fiscal 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.). The 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 granted is established by dividing the amount payable to the director by the average price of the common share of the Bank during the five trading days preceding the grant. The DSUs also entitle their holders to an amount equal to dividend payments, which amount is paid in the form of additional DSUs. This plan is in force since February 1st, 2000.

Additional compensation may be paid to a director undertaking any special services beyond those ordinarily required of a director by the Bank. During the last fiscal year, the following directors received compensation of this nature for their participation in an independent committee of the Board and/or in the Pension Plan Management Committee of the Bank, namely Messrs. Jean Bazin, Richard Bélanger, Ronald Corey, L. Denis Desautels, Carmand Normand, Dominic J. Taddeo and Jonathan I. Wener. The amount received by each director is disclosed in the table below.

The total compensation of the Bank's directors for the 2006 fiscal year reached \$608,403, allocated as follows:

Director	Choice as to Compensation	Fixed Basic Compensation (\$)	Fixed Compensation as Chairman or Vice-Chairman (\$)	Fixed Compensation as Chair of a Committee (\$)	Attendance Fee (\$) (Note 6)	Additional Compensation (\$)	Total Compensation (\$)
Lise Bastarache (Note 1)	-	13,090	-	-	11,300	0	24,390
Jean Bazin	100% cash	20,000	-	-	18,500	1,000	39,500
Richard Bélanger (Note 2)	100% cash	20,000	-	3,910	22,400	1,000	47,310
Ève-Lyne Biron	80% cash 20% DSUs	20,000	-	-	11,800	0	31,800
Ronald Corey (Note 3)	50% cash 50% DSUs	6,966	-	-	8,200	1,000	16,166
L. Denis Desautels	100% cash	20,000	75,000	-	26,700	8,200	129,900
Pierre Genest (Note 1)	-	13,090	-	-	11,600	0	24,690
Georges Hébert	100% cash	20,000	-	-	19,500	0	39,500
Veronica S. Maidman	100% cash	20,000	-	-	19,300	0	39,300
Raymond McManus (Note 4)	-	-	-	-	-	-	-
Pierre Michaud	100% DSUs	20,000	25,000	6,000	18,300	0	69,300
Carmand Normand	100% shares	20,000	-	-	18,800	4,800	43,600
Gordon Ritchie (Note 3)	100% shares	6,966	-	-	6,500	0	13,466
Dominic J. Taddeo (Note 5)	100% cash	20,000	-	4,181	15,900	2,400	42,481
Jonathan I. Wener	100% cash	20,000	-	6,000	20,000	1,000	47,000

Note 1: The mandate of the director began on March 7, 2006. Fixed basic compensation is paid in shares until the director holds 2,000 common shares.

Note 2: Mr. Bélanger was appointed Chairman of the Audit Committee on March 7, 2006.

Note 3: Director until March 7, 2006.

Note 4: Mr. McManus did not receive any compensation as director of the Bank.

Note 5: Mr. Taddeo ceased to be Chairman of the Audit Committee on March 7, 2006.

Note 6: Schedule A 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.

Total Holding of Shares and Deferred Stock Units by Directors

The following table sets forth the number and value of common shares of the Bank and DSUs held by each director as at October 31, 2006. As at October 31, 2006, all directors exceeded the target property level of 2,000 common shares, except for Ms. Lise Bastarache and Mr. Pierre Genest, directors of the Bank since March 7, 2006, whose fixed basic compensation is directed towards the purchase of shares until the target property level is reached.

Director	Shares (Note 1)		DSUs (Note 2)		Total
	Number	Value (\$)	Number	Value (\$)	Value (\$)
Lise Bastarache	430	12,492	0	0	12,492
Jean Bazin	3,245	94,267	0	0	94,267
Richard Bélanger	5,000	145,250	0	0	145,250
Ève-Lyne Biron	2,438	70,824	1,125	32,681	103,505
L. Denis Desautels	3,000	87,150	0	0	87,150
Pierre Genest	430	12,492	0	0	12,492
Georges Hébert	5,000	145,250	0	0	145,250
Veronica S. Maidman	2,106	61,179	0	0	61,179

Director	Shares (Note 1)		DSUs (Note 2)		Total
	Number	Value (\$)	Number	Value (\$)	Value (\$)
Raymond McManus	4,683	136,041	2,046	59,436	195,477
Pierre Michaud	15,585	452,744	17,154	498,324	951,068
Carmand Normand	23,347	678,230	0	0	678,230
Dominic J. Taddeo	3,128	90,868	0	0	90,868
Jonathan I. Wener	4,221	122,620	0	0	122,620

Note 1: In the case of Mr. McManus, does not include 20,000 shares held in trust which were granted to him on January 1st, 2007 as disclosed in the "Summary Compensation Table" below. The value is based on the closing price of the share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Note 2: In the case of Mr. McManus, before he became President and Chief Executive Officer of the Bank in August 2002, he was receiving part of his compensation as director in the form of DSUs; he has since ceased to receive compensation as director but dividends have continued to accumulate. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning total compensation during the last three fiscal years of the President and Chief Executive Officer and the Chief Financial Officer of the Bank as well as the three other executive officers serving as such at the end of the last fiscal year who received during the last fiscal year the highest total annual salary and bonus (collectively referred to as the "Named Executive Officers" or "NEOs").

NEO Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) (Note 7)	Total (\$) (Note 8)
		Salary (\$)	Bonus (\$) (Note 3)	Other Annual Compensation (\$) (Note 4)	Awards		Payouts		
					Securities under Options / SARs Granted (#) (Note 5)	Shares or Units Subject to Resale Restrictions (\$) (Note 6)	LTIP Payouts (\$)		
Raymond McManus President and Chief Executive Officer	2006	550,000	500,000	0	0 / 0	0	0	3,767	1,053,767
	2005	540,000	225,000	0	0 / 0	589,400 / 360,000	0	3,690	1,718,090
	2004	500,000	75,000	0	0 / 25,000	0	0	1,318	697,674
Robert Cardinal Senior Executive Vice- President and Chief Financial Officer	2006	268,000	100,000	0	0 / 0	160,000	0	9,085	602,085
	2005	260,000	82,500	0	0 / 0	132,000	0	9,246	535,746
	2004	250,000	30,000	0	0 / 25,000	0	0	2,628	450,984
Réjean Robitaille Senior Executive Vice- President and Chief Operating Officer (Note 1)	2006	302,000	125,000	5,912	0 / 0	200,000	0	8,880	719,792
	2005	233,000	82,500	0	0 / 0	132,000	0	8,203	485,703
	2004	212,000	25,000	0	0 / 25,000	0	0	2,238	387,594
Bernard Piché Senior Executive Vice- President, Treasury, Capital Markets and Brokerage (Note 2)	2006	268,000	50,000	17,600	0 / 0	80,000	0	6,075	492,675
	2005	260,000	82,500	0	0 / 0	132,000	0	6,480	538,980
	2004	260,000	30,000	0	0 / 25,000	0	0	2,741	467,097
Lorraine Pilon Executive Vice-President, Corporate Affairs and Secretary	2006	203,000	40,000	0	0 / 0	64,000	0	3,094	343,094
	2005	192,000	60,000	0	0 / 0	96,000	0	3,215	374,215
	2004	179,000	15,000	0	0 / 15,000	0	0	2,712	290,525

Note 1: Mr. Robitaille was named Senior Executive Vice-President and Chief Operating Officer on June 15, 2006. He had been named Senior Executive Vice-President, Retail and Commercial Financial Services on August 1st, 2005. Prior to that date, he was Senior Vice-President, Retail Financial Services.

Note 2: Mr. Piché was named Senior Executive Vice-President, Treasury, Capital Markets and Brokerage on July 1st, 2004. Prior to that date, he was President and Chief Executive Officer of B2B Trust, a subsidiary of the Bank.

Note 3: Amount of the annual bonus not converted into restricted share units (see Note 6).

Note 4: In the case of Messrs. Robitaille and Piché, the amounts indicated represent a reimbursement related to their vehicle. Perquisites and other personal benefits did not exceed \$50,000 or 10% of salary and bonus.

Note 5: In 2004, SARs granted under the Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries. The principal terms and conditions of this plan are set out in Schedule B of this Circular.

Note 6: All amounts indicated, except the amount of \$589,400, represent restricted share units granted under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada, the principal terms and conditions of which are set out in Schedule B of this Circular. Under this plan, participants may choose to convert 50% of their annual bonus in restricted share units of the Bank. The Bank contributes an additional amount equal to 60% of the portion of the annual bonus converted, which amount is also converted in restricted share units of the Bank. The number of restricted share units is determined based on the trading price of the Bank's common share at the date of conversion. For 2006 and 2005, the amounts are detailed as follows:

NEO	Fiscal Year	Total Annual Bonus (\$)	Portion of Annual Bonus Converted (\$)	Bank Contribution (\$)	Total (\$)	Number of Restricted Share Units
Raymond McManus	2006	500,000	0	0	0	0
	2005	450,000	225,000	135,000	360,000	10,273.97
Robert Cardinal	2006	200,000	100,000	60,000	160,000	*
	2005	165,000	82,500	49,500	132,000	3,767.12
Réjean Robitaille	2006	250,000	125,000	75,000	200,000	*
	2005	165,000	82,500	49,500	132,000	3,767.12
Bernard Piché	2006	100,000	50,000	30,000	80,000	*
	2005	165,000	82,500	49,500	132,000	3,767.12
Lorraine Pilon	2006	80,000	40,000	24,000	64,000	*
	2005	120,000	60,000	36,000	96,000	2,739.73

* conversion will occur at the beginning of February 2007

The amount of \$589,400 represents shares held in trust for the benefit of Mr. McManus. Mr. McManus' employment contract was amended in 2005 to provide for the purchase of 20,000 common shares of the Bank on August 31, 2005 at a price of \$29.47, which shares were held in trust for his benefit. As per the terms of his contract, which provided for the grant of 10,000 shares to him if he was still employed by the Bank on January 1st, 2007 and of the 10,000 remaining shares if he was still employed by the Bank on January 1st, 2007 and if the return on shareholders' equity on the basis of continued activities (excluding certain special items) of the Bank was at least 7.0% for the fiscal year ending on October 31, 2006, the shares were granted to him on January 1st, 2007. Furthermore, the shares so granted are subject to resale restrictions for a period of one year.

Note 7: These amounts are mainly related to group insurance and temporary life insurance premiums.

Note 8: This column sets out total compensation of the Named Executive Officers and includes direct compensation, namely compensation paid on a yearly basis by the Bank in cash, restricted share units, stock options and SARs (as indicated in the "Summary Compensation Table"), and the annual cost of retirement benefits (as indicated in the "Defined Benefit Pension Plan Disclosure" section below for the 2006 fiscal year; for the 2004 and 2005 fiscal years, the annual costs of retirement benefits were respectively as follows: Mr. McManus: \$0 / \$0; Mr. Cardinal: \$47,000 / \$52,000; Mr. Robitaille: \$27,000 / \$30,000; Mr. Piché: \$53,000 / \$58,000; Ms. Pilon: \$21,000 / \$23,000). The value of SARs for purposes of total compensation was calculated with the Black-Scholes value for 2004 (18%) and a grant price of \$26.968.

Option/SAR Grants During the Most Recently Completed Fiscal Year

No stock options or SARs were granted during the most recently completed fiscal year to the Named Executive Officers.

Aggregated Option/SAR Exercises During the Most Recently Completed Fiscal Year and Fiscal Year-End Option/SAR Values (Note 1)

NEO	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options / SARs at FY-end (#) Exercisable / Unexercisable	Value of Unexercised In-the-Money Options / SARs at FY-end (\$) Exercisable / Unexercisable (Note 2)
Raymond McManus	0	0	106,250 / 18,750	96,212 / 39,038
Robert Cardinal	5,702	60,562	21,250 / 18,750	13,012 / 39,038
Réjean Robitaille	0	0	12,091 / 18,950	37,152 / 39,038
Bernard Piché	15,500	190,073	68,565 / 18,750	48,742 / 39,038
Lorraine Pilon	1,350	16,367	5,040 / 11,250	20,287 / 23,423

Note 1: Stock options issued under the Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries and SARs issued under the Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries. The principal terms and conditions of these plans are set out in Schedule B of this Circular.

Note 2: The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Total Holding of Shares, Deferred Stock Units, Restricted Share Units, Stock Options and SARs by Named Executive Officers

The following table sets forth the number and value of common shares of the Bank, deferred stock units, restricted share units, stock options and SARs held by each Named Executive Officer as at October 31, 2006.

NEO	Shares (Note 1)		Deferred Stock Units (Note 2)		Restricted Share Units (Note 3)		Stock Options (Note 4)		SARs (Note 5)		Total
	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)	Number	Value (\$)	Value (\$)
Raymond McManus	4,683	136,041	2,046	59,436	10,659	309,644	100,000	83,200	25,000	52,050	640,371
Robert Cardinal	1,641	47,671	-	-	3,908	113,527	10,000	0	30,000	52,050	213,248
Réjean Robitaille	1,069	31,054	-	-	3,908	113,527	1,419	10,352	29,622	65,838	220,772
Bernard Piché	1,641	47,671	-	-	3,908	113,527	28,675	22,242	58,640	65,539	248,979
Lorraine Pilon	933	23,821	-	-	2,842	82,560	1,290	12,479	15,000	31,230	150,090

Note 1: Common shares of the Bank, acquired through the exercise of stock options or otherwise. In the case of Mr. McManus, does not include 20,000 shares held in trust which were granted to him on January 1st, 2007 as disclosed in the "Summary Compensation Table". The value is based on the closing price of the share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Note 2: Deferred stock units as described under the "Compensation of Directors" heading of this Circular. Before Mr. McManus became President and Chief Executive Officer of the Bank in August 2002, he was receiving part of his compensation as director in the form of deferred stock units; he has since ceased to receive compensation as director but dividends have continued to accumulate. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Note 3: Restricted share units issued under the Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Note 4: Stock options issued under the Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries. Includes both vested and unvested options. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Note 5: SARs issued under the Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries. Includes both vested and unvested SARs. The value is based on the closing price of the Bank's common share on the Toronto Stock Exchange on October 31, 2006 (\$29.05).

Defined Benefit Pension Plan Disclosure

The Named Executive Officers participate in the Pension Plan for the Senior Officers of the Bank and Participating Subsidiaries (the "Officers' Plan") and in 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 these plans, members 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. Normal retirement age is set at age 65. However, members may take an early retirement starting at age 53 with an applicable pension reduction of 5% per year before age 60.

The following table sets out the pension payable under the plans in relation to average compensation and years of participation in the plans. It does not apply to the President and Chief Executive Officer.

Average Compensation (\$)	Years of Participation in Pension Plans				
	15	20	25	30	35
150,000	45,000	60,000	75,000	90,000	105,000
175,000	52,500	70,000	87,500	105,000	122,500
200,000	60,000	80,000	100,000	120,000	140,000
225,000	67,500	90,000	112,500	135,000	157,500
250,000	75,000	100,000	125,000	150,000	175,000
275,000	82,500	110,000	137,500	165,000	192,500
300,000	90,000	120,000	150,000	180,000	210,000
325,000	97,500	130,000	162,500	195,000	227,500
350,000	105,000	140,000	175,000	210,000	245,000
375,000	112,500	150,000	187,500	225,000	262,500
400,000	120,000	160,000	200,000	240,000	280,000

Additional Information with Respect to Pension Benefits

The table below sets out, with respect to each Named Executive Officer, the years of participation as at October 31, 2006 as well as the projected years of participation at retirement in each of the plans, the annual estimated pension payable at retirement in accordance with average compensation recognized as at October 31, 2006, the annual cost to the Bank of retirement benefits for the 2006 fiscal year as well as the Bank's accrued benefit obligation as at October 31, 2006.

NEO	Years of Participation as at October 31, 2006 (Officers' / Supplemental) (Note 1)	Projected Years of Participation at Retirement (Officers' / Supplemental) (Note 2)	Annual Estimated Pension Payable at Retirement (\$) (Note 2)	Annual Cost of Retirement Benefits for 2006 Fiscal Year (\$) (Notes 3 et 5)	Accrued Benefit Obligation as at October 31, 2006 (\$) (Notes 4 et 5)
Raymond McManus	4.2 / 4.2	4.4 / 4.4	225,000	0	2,830,000
Robert Cardinal	15.7 / 15.7	20.9 / 23.9	121,000	65,000	1,223,000
Réjean Robitaille	18.3 / 9.4	31.7 / 31.7	150,000	78,000	1,549,000
Bernard Piché	27.6 / 27.6	30.5 / 33.5	172,000	71,000	2,271,000
Lorraine Pilon	16.3 / 9.0	32.9 / 32.9	118,000	33,000	577,000

Note 1: Three years of participation in the Supplemental Plan are granted for each year accrued from the start of participation in the plan, up to the number of years of participation in the Officers' Plan.

Note 2: Assuming retirement at age 60 (65 for Mr. McManus) and taking into account the special arrangements entered into with certain Named Executive Officers as described below.

Note 3: The annual cost of retirement benefits represents the commuted value of retirement benefits accrued during the 2006 fiscal year. This cost is nil for Mr. McManus as he exceeded the retirement age actuarial assumption (57).

Note 4: The accrued benefit obligation represents the commuted value of the retirement benefits for the years of participation up to October 31, 2006.

Note 5: The annual cost of retirement benefits as well as the accrued benefit obligation were calculated using the same assumptions as for the Bank's financial statements, including the use of a discount rate of 5.35% and a compensation increase rate of 3.5% for the fiscal years ended October 31, 2005 and October 31, 2006. The assumptions used are described in Note 14 to the consolidated financial statements of the Bank for the 2006 fiscal year.

Additional notes:

- Amounts indicated above take into account retirement benefits provided by the Officers' Plan and the Supplemental Plan.
- In accordance with the terms of their respective change of control agreements, the Named Executive Officers would continue to accumulate retirement benefits during the period covered by the termination indemnity.
- In accordance with Canadian generally accepted accounting principles, the amounts indicated above do not take into account the different tax treatment applicable to benefits not provided by the registered retirement plan (Officers' Plan).
- The amounts indicated above are estimated amounts based on assumptions which represent contractual entitlements that may change over time. The method used to determine estimated amounts will not be identical to the method used by other issuers and as a result the figures may not be directly comparable across companies.

Special Agreements Entered Into with Certain Executive Officers

Mr. Réjean Robitaille entered into a special retirement agreement with the Bank in 2006. The annual pension payable to Mr. Robitaille will be calculated in accordance with the provisions of the Officers' Plan and the Supplemental Plan. However, under the special provisions of the agreement, the total annual pension under the plans shall not be less than \$150,000 in the event that Mr. Robitaille terminates his employment contract or if the Bank terminates his employment contract for cause and \$225,000 if the Bank terminates his employment contract without cause.

In 2005, Mr. Raymond McManus entered into an agreement amending the special retirement agreement already in place with the Bank since 2002. Under this agreement, the total annual pension payable under the plans was increased from \$200,000 to \$225,000 at age 65. This increase was granted to Mr. McManus taking into consideration his last year and a half of service with the Bank and the fact that he did not receive a pension from the plans during this period. Special provisions apply in the event of retirement following a change of control of the Bank. Mr. McManus reached age 65 on January 2nd, 2007.

Messrs. Cardinal and Piché are also covered by special retirement agreements. If he is still employed with the Bank on February 1st, 2007, Mr. Cardinal's years of participation in the Supplemental Plan between February 1st, 2004 and February 1st, 2007 will be doubled. Mr. Piché's years of participation in the Supplemental Plan between November 1st, 2004 and November 1st, 2007 will also be doubled if he is still employed with the Bank on November 1st, 2007.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Named Executive Officers entered into written employment agreements with the Bank. These agreements came into force on the date of the beginning of employment of each Named Executive Officer with the Bank, namely August 1st, 2002 in the case of Mr. McManus, February 25, 1991 in the case of Mr. Cardinal, May 4, 1994 in the case of Mr. Piché and July 9, 1990, in the case of Ms. Pilon, and have been amended when necessary. Employed with the Bank since July 11, 1988, Mr. Robitaille entered into a new employment agreement upon his nomination as Senior Executive Vice-President and Chief Operating Officer on June 15, 2006. All agreements are for an indefinite term. Material information concerning the compensation of the Named Executive Officers is shown in the "Summary Compensation Table".

The agreement of Mr. McManus provides for an indemnity of 24 months' base salary if his employment is terminated for reasons other than serious fault. Specific provisions dealing with the effect of termination on bonuses, options and SARs, retirement payments and other benefits are included in Mr. McManus' agreement. In 2005, with a view to linking his interests more directly with those of the shareholders, Mr. McManus' employment contract was amended to provide for the purchase of 20,000 common shares of the Bank which were held in trust for his benefit, as disclosed in greater detail in Note 6 to the "Summary Compensation Table".

Messrs. Cardinal, Piché and Ms. Pilon are covered by an indemnity plan under which they are entitled to an indemnity of 18 months' base salary plus the average of annual bonuses paid in the three years preceding their 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.

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 if his employment is terminated in the year following a change of control of the Bank.

The consequence of retirement, termination of employment and change of control of the Bank on stock options, SARs and restricted share units granted under the Bank's incentive compensation programs are described in Schedule B of this Circular.

Report on Executive Compensation

Compensation Structure

The overall compensation of executive officers is made up of five components (base salary, short-, medium- and long-term incentive compensation and fringe benefits) which are summarized as follows:

Component of Compensation	Type of Compensation	Subject Employees	Frequency	Elements of Analysis
Base salary	Cash	All employees	Reviewed annually	- Comparison with external market - Individual performance - Internal equity
Short-term incentive compensation	Cash	Most employees	Paid annually	- Comparison with external market - Individual and corporate performance
Medium-term incentive compensation	Restricted share units	Senior vice-presidents and holders of more senior positions	Granted annually	- Comparison with external market - Individual and corporate performance
Long-term incentive compensation	Stock options and stock appreciation rights (SARs)	Vice-presidents and holders of more senior positions	Granted on an ad hoc basis at the discretion of the Human Resources and Corporate Governance Committee, taking into consideration among other things the Bank's capacity to pay	
Fringe benefits	Personal benefits, group insurance and retirement plans	All employees (executive officers benefit from certain additional advantages, such as an additional health account, a supplemental pension plan and a change of control protection plan)	On a continuous basis	- Comparison with external market

The Human Resources and Corporate Governance Committee (the "Committee") ensures that overall compensation of executive officers is in large part linked to their contribution to the Bank's long, medium and short term financial results. To this end, the Committee has instituted incentive compensation programs based on pre-established criteria of individual and group performance. Thus, there exists a specific relationship between the Bank's performance and executive compensation, as more fully described below. The relative emphasis placed by the Bank on short, medium and long term incentive compensation increases with the hierarchical level of each executive officer and is explained below.

In addition, to ensure that the compensation of the Bank's senior management team compares adequately to the reference market, including other Canadian financial institutions, the Committee periodically asks an external consulting firm to conduct a comparative study of market conditions. At the end of the 2005 fiscal year, the Bank retained the services of the firm Towers Perrin, whose mandate included completing an overall compensation study covering a selected number of senior officer positions of the Bank and providing advice on the elaboration of a salary structure for senior management. The fees paid to Towers Perrin for this mandate, which was the only mandate given by the Bank to this firm during the 2006 fiscal year, amounted to \$48,000. Furthermore, the Committee gives particular attention to the compensation of the Bank's President and Chief Executive Officer. Market studies are examined each year and the Committee ensures that the President and Chief Executive Officer is adequately compensated in comparison with the chief executive officers of other Canadian financial institutions, with due consideration for the relative size of the Bank.

Each component of overall executive compensation is commented upon in further detail hereinafter.

Base Salary

At the beginning of each year, the Committee reviews the base salary of the Bank's executive officers, taking into consideration their responsibilities and performance as well as market data. For the 2006 fiscal year, the Committee granted base salary increases to the Named Executive Officers, as disclosed in the "Summary Compensation Table".

In the particular case of Mr. McManus, his 2006 base salary remained approximately at the same level as the previous year. According to the study of Towers Perrin referred to above, Mr. McManus' base salary is competitive compared to the reference market comprising approximately forty businesses in the banking and financial sector. His annual salary reaches the median of salaries offered for a comparable position in this sector, with due consideration to the relative size of the Bank.

Mr. Robitaille was appointed President and Chief Executive Officer of the Bank as of December 13, 2006. His base salary was set at \$350,000 as of June 15, 2006, when he was appointed Senior Executive Vice President and Chief Operating Officer and set at \$450,000 as President and Chief Executive Officer.

Short-term Incentive Compensation

The short-term incentive compensation program was approved by the Committee at the beginning of the 2006 fiscal year. It applies to most employees of the Bank, including executive officers. The main purpose of the program is to recognize the attainment of personal yearly objectives as well as contribution to the attainment of the Bank's short term financial objectives.

The bonus under the short-term incentive compensation program takes into account three elements and is calculated as follows:

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

The *Target Bonus* represents a percentage of base salary established according to the hierarchical level of each officer and varies from 40% of base annual salary for an executive vice-president to 60% in the case of the President and Chief Executive Officer.

The *Financial Performance Factor* is based on the Bank's return on common shareholders' equity. It is established by the Committee at the beginning of the year in relation to the Bank's financial objectives for the year. For the 2006 fiscal year, the Financial Performance Factor was established as follows:

Return on Common Shareholders' Equity for the 2006 Fiscal Year (%)	Applicable Financial Performance Factor
Less than 7.2	0.0
7.2	0.5
7.3	0.6
7.4	0.7
7.5	0.8
7.6	0.9
7.7	1.0
8.2	1.1
8.7	1.2
9.2	1.3
9.7	1.4
10.2 and more	1.5

For the 2006 fiscal year, the Bank's return on common shareholders' equity reached 8.2%. Consequently, the bonus payable under the Bank's short-term incentive compensation program was calculated with a Financial Performance Factor of 1.1.

To establish the *Individual Performance Factor*, each member of senior management (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. At year end, the degree of attainment of these objectives is reported to the President and Chief Executive Officer, who then submits a written evaluation of the officer's 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. As for the President and Chief Executive Officer, the setting of his objectives as well as his evaluation are undertaken by the Committee, in consultation with the Board of Directors. The Individual Performance Factor translates into a variable ranging from 0.5 to 1.5

In setting the Individual Performance Factor of the President and Chief Executive Officer for the 2006 fiscal year, the Committee mainly considered the attainment of his principal objective, namely the implementation of the third year of the Bank's three-year strategic repositioning plan. All of the Bank's financial objectives for the 2006 fiscal year, with the exception of the efficiency ratio, were met or surpassed.

Except in circumstances where no annual bonus is payable, the amount of the annual bonus paid to executive officers under the short-term executive compensation program can vary from 25% to 225% of the Target Bonus, depending on the Financial Performance Factor (which may vary from 0.5 to 1.5) and the Individual Performance Factor (which may vary from 0.5 to 1.5).

Although the Committee has authority to adjust bonus amounts if warranted by particular circumstances, the bonuses for the 2006 fiscal year paid to the Named Executive Officers, including the President and Chief Executive Officer, were established according to the above criteria. The amount of bonuses paid to the Named Executive Officers for the 2006 fiscal year was approved by the Committee on December 6, 2006 and is disclosed in the “Summary Compensation Table”.

Medium-term Incentive Compensation

The Committee adopted in 2005 the *Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada*, which enables senior officers to convert 50% of their annual bonus in restricted share units of the Bank. The Bank contributes an additional amount equal to 60% of the portion of the annual bonus converted, which amount is also converted in restricted share units of the Bank. This program was created in order to foster loyalty on the part of executive officers, associate their interests with those of the shareholders by linking compensation with the Bank’s medium-term performance and attract first-rank candidates. Since part of their bonus is put at risk, the Committee believes that this plan is more successful in mobilizing executive officers than traditional stock option plans or stock appreciation rights plans. The amount of restricted share units granted for the 2006 fiscal year to the Named Executive Officers is disclosed in the “Summary Compensation Table”.

The principal terms and conditions of this plan are set out in Schedule B of this Circular.

Long-term Incentive Compensation

In addition, the Bank has a *Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries* as well as a *Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries*, which were adopted in 1992 and 1995 respectively. Although these plans are part of overall executive compensation, they are used on an occasional basis only and any grant is at the Committee’s discretion. The relative importance of these plans has decreased since the restricted share unit plan was instituted. The Committee nevertheless periodically reviews overall executive compensation programs. During the 2006 fiscal year, no stock option nor SARs were granted to executive officers. However, on November 6, 2006, the Committee agreed to grant 50,000 stock options to Mr. Réjean Robitaille to mark the beginning of his term as President and Chief Executive Officer of the Bank on December 13, 2006. Also, on December 6, 2006, the Committee granted 10,000 SARs to Ms. Lorraine Pilon. This grant was mainly made for internal equity reasons.

The principal terms and conditions of each of these plans are set out in Schedule B of this Circular.

Personal Benefits, Group Insurance Plan, Protection Plan in Case of Change of Control and Pension Plans

The Committee believes that the personal benefits, group insurance plan, protection plan in case of change of control and pension plans are generally comparable to market practice. Additional information on these elements of overall executive compensation of the Named Executive Officers are to be found in the “Summary Compensation Table” as well as in the sections entitled “Defined Benefit Pension Plan Disclosure” and “Termination of Employment, Change in Responsibilities and Employment Contracts” above.

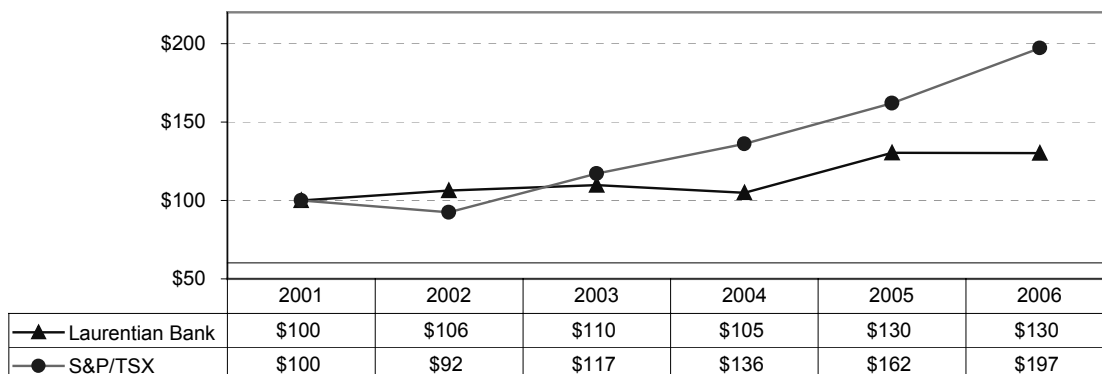
The members of the Human Resources and Corporate Governance Committee of the Board of Directors are the following independent directors: Mr. Pierre Michaud (Chair), Ms. Ève-Lyne Biron, Messrs. L. Denis Desautels and Carmand Normand (since March 7, 2006). Mr. Ronald Corey was member of the Committee until March 7, 2006.

SUBMITTED BY: Pierre Michaud, Chair
Ève-Lyne Biron
L. Denis Desautels
Carmand Normand

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Bank on October 31, 2001, assuming reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index from the Toronto Stock Exchange for the last five fiscal years.

Cumulative Return



SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights as at October 31, 2006	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights as at October 31, 2006	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) as at October 31, 2006
Equity compensation plans approved by securityholders (Note 1)	339,604	\$27.79	139,960
Equity compensation plans not approved by securityholders	-	-	-

Note 1: Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries as more fully described in Schedule B of this Circular.

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, 2006.

Purpose	Aggregate Indebtedness (\$)	
	To the Bank or its Subsidiaries	To Another Entity
Share Purchase	503,721	0
Other	99,644,150	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 director, executive officer or proposed nominee, 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, 2006 (\$)	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	Bank (lender)	128,896 (Note 1)	85,512	-	-	0
Robert Cardinal Senior Executive Vice- President and Chief Financial Officer	Bank (lender)	103,116 (Note 2)	63,752	0	none	0
Carmand Normand Director	Bank (lender)	147,615 (Note 3)	116,941	-	-	0
Dominic J. Taddeo Director	Bank (lender)	229,269 (Note 4)	228,600	-	-	0

Note 1: Line of credit at base rate + 0.5%; personal loan, interest rate at 4.50%; credit card balance, interest rate at 9.745%.

Note 2: Line of credit at base rate + 0.5%; interest-free loan for purchase of shares, term expiring in December 2007; credit card balance, interest rate at 9.745%.

Note 3: Mortgage loan to his spouse, interest rate at 4.59% for a 3 year term, expiring on October 31, 2008; line of credit to his spouse at base rate + 1%; credit card balances issued to his son, spouse and a company of which he is a shareholder, interest rate at 19.49% and overdraft protection for his son, interest rate at 21%.

Note 4: Line of credit at base rate + 0.5%.

CORPORATE GOVERNANCE DISCLOSURE

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. The Chairman of the Board, Mr. L. Denis Desautels, is an independent director.

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

Generally, independent directors meet without members of management at the end of most Board meetings. During the last completed fiscal year, six such meetings were held. The Audit Committee and the Risk Management Committee regularly meet in private with the heads of the surveillance functions (Internal Audit, Integrated Risk Management and Compliance).

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 A 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.

Board Mandate

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

Position Descriptions

The Board of Directors has developed a written position description for the Chairman of the Board, Vice-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 C of this Circular.

Orientation and Continuing Education

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

Furthermore, an information manual is provided to each director and is regularly updated. Most meetings of the Board of Directors include presentations on topics of interest to the directors. Directors are also invited to attend seminars, at the Bank's expense.

Ethical Business Conduct

On recommendation of the committees, the Board of Directors approves the employees' Code of Ethics, the Code of Ethics for Service Providers, the Privacy Code as well as the Code of Conduct of the directors of the Bank. These codes are revised annually. The complete text of these codes is available on SEDAR (www.sedar.com).

The codes of ethics are under the responsibility of the Human Resources sector of the Bank. However, any serious breach thereof is reported to the Risk Management Committee.

Furthermore, under Section 4 of the "Conflict of Interest" section of the directors' Code of Conduct, directors may not participate in any Board or committee discussions regarding a conflict of interest situation and may not vote on any question relating thereto.

Nomination of Directors

The Human Resources and Corporate Governance Committee, made up entirely of independent directors, is responsible for proposing director nominees to the Board of Directors. The selected candidates usually fulfill at least one expertise requirement of the Board of Directors in a strategic field of interest for the Bank, determined following an analysis of the composition of the Board of Directors performed by the Committee. Various other selection criteria are also applied, such as geographic distribution and the male / female ratio. The Committee strives to increase the Board's representativeness and diversity.

Compensation

The Human Resources and Corporate Governance Committee is among other things responsible for establishing the compensation of the officers of the Bank and its report on this matter is presented under the heading "Executive Compensation" of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, ensures that directors' remuneration is adequate and competitive. Information regarding compensation of directors is available under the heading "Compensation of Directors" 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 all committees are set out in Schedule C of this Circular. All committees are composed exclusively of independent directors.

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

Further information regarding the Audit Committee can be found in Item 13 of the Annual Information Form of the Bank dated January 16, 2007.

Assessments

The Board of Directors has adopted a process intended to assess its efficiency along with the contribution of directors. The Human Resources and Corporate Governance Committee has been entrusted with applying this process. During the annual review of the composition of the Board of Directors, the Committee evaluates the contribution of the directors to the work of the Board of Directors and its committees. Furthermore, the Chairman of the Board administers an evaluation questionnaire of the Board of Directors and of its committees, which is completed by each director. The Chairman then meets with each director individually, and the results of the questionnaire are summed up. Improvements can then be brought when required, according to the results.

Further information on the Bank's corporate governance practices are to be found in the "Corporate Governance" section of the Bank's 2006 Annual Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank subscribes for liability insurance for the benefit of its directors and officers and those of its subsidiaries, as a group. The limit of such insurance, which expires on December 1st, 2007, is \$50,000,000. The deductible is \$1,000,000 per event. The yearly premium is \$448,475.

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 of 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 E of this Circular contains the text of this code.

SHAREHOLDERS' PROPOSALS

Shareholders wishing to have a proposal included in the next management proxy circular of the Bank must provide the text of such proposal to the Secretary of the Bank at the latest on October 19, 2007.

MINUTES

A copy of the minutes of the Bank's last annual meeting of shareholders held on March 7, 2006 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 copy of the Bank's financial statements and management's discussion and analysis or of any other document available on SEDAR's web site 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.

A handwritten signature in black ink, appearing to be 'L. Pilon', written in a cursive style.

Lorraine Pilon
Secretary

Montreal, Quebec, January 16, 2007

SCHEDULE A

SUMMARY OF ATTENDANCE FOR THE FISCAL YEAR ENDED ON OCTOBER 31, 2006

Director	Attendance			
	Board of Directors	Audit Committee	Risk Management Committee	Human Resources and Corporate Governance Committee
Lise Bastarache <i>(Director and member of the Audit Committee since March 7, 2006)</i>	7 / 7	3 / 3		
Jean Bazin	11 / 11	5 / 5		
Richard Bélanger <i>(Member of the Risk Management Committee since March 7, 2006)</i>	11 / 11	5 / 5	5 / 5	
Ève-Lyne Biron	7 / 11 ⁽¹⁾			4 / 8 ⁽²⁾
Ronald Corey <i>(Director until March 7, 2006)</i>	4 / 4			4 / 4
L. Denis Desautels	11 / 11	5 / 5		8 / 8
Pierre Genest <i>(Director and member of the Risk Management Committee since March 7, 2006)</i>	7 / 7		5 / 5	
Georges Hébert	11 / 11		7 / 8	
Veronica S. Maidman	11 / 11		8 / 8	
Raymond McManus	10 / 11			
Pierre Michaud	8 / 11			8 / 8
Carmand Normand <i>(Member of the Risk Management Committee until March 7, 2006 and member of the Human Resources and Corporate Governance Committee since March 7, 2006)</i>	11 / 11		3 / 3	4 / 4
Gordon Ritchie <i>(Director until March 7, 2006)</i>	4 / 4	2 / 2		
Dominic J. Taddeo	11 / 11	4 / 5		
Jonathan I. Wener	11 / 11		8 / 8	

⁽¹⁾ Three of the four absences due to illness

⁽²⁾ Three of the four absences due to illness

Summary of Board of Directors and Committee Meetings Held

Board of Directors	11
Audit Committee	5
Risk Management Committee	8
Human Resources and Corporate Governance Committee	8

SCHEDULE B
COMPENSATION PLANS

Restricted Share Unit Plan for Senior Management of the Laurentian Bank of Canada
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1. **Goals** – The main goals of the Restricted Share Unit Plan for Senior Management (the “Plan”) of Laurentian Bank and its subsidiaries (the “Bank”) are: to attract qualified candidates, to retain the participating members of senior management and to align the interests of senior management with those of the shareholders by encouraging share ownership among the designated Participants.
2. **Administration** – The Plan is administered by the Human Resources Committee of the Bank’s Board of Directors (the “Committee”). The Committee has full authority to interpret the provisions of the Plan, to adopt any rule or regulation and to make any other decision that it deems necessary or desirable for the purpose of administering the Plan.
3. **Restricted Share Units Covered by the Plan** – The restricted share units that, under the Plan, may be awarded at the beginning of the year are non-voting share units. Under the Plan, the value of these units is equal to the price of the Bank’s common share on the Toronto Stock Exchange. For the purposes hereof, “Share Price” means the average closing price of the Bank’s common shares for the five (5) days that precede the date on which the units are awarded or redeemed, as the case may be. These share units entitle the holder to an amount equivalent to the dividends paid on the Bank’s common shares (the “Dividend Equivalent”), which shall be converted into additional share units.
4. **Eligibility** – All employees in the Executive IV, Executive III and Executive II categories are eligible to take part in the Plan. Participation is on a voluntary basis.
5. **Awards** – The Committee shall designate, from among the eligible employees, those who will receive (the “Participants”) an award (the “Award”). The Plan provides that fifty percent (50%) of the annual bonus otherwise payable to the Participant (the “Employee Portion”) under the Bank’s incentive compensation plan shall be retained and converted into restricted share units. In recognition of the element of risk inherent in this conversion, the Bank undertakes to contribute an amount equal to 60% of the retained bonus (the “Employer Portion”), which amount shall also be converted into restricted share units. The number of restricted share units shall be determined on the basis of the closing price of the Bank’s common share. Each award shall be confirmed by a notice sent to the Participant. Generally, the Committee will grant restricted share units each year on the date on which the annual bonus would otherwise be payable under the regular incentive compensation plan, that is, in mid-January. The annual award shall be conditional upon a bonus being awarded under the preceding year’s incentive compensation plan. Thus, if the Bank and the business lines do not attain the minimum objectives specified in the incentive compensation plan, no bonus will be paid and, consequently, no restricted share unit will be awarded. For the purposes of the Plan, the payment of no other type of bonus may be converted into restricted share units. The number of share units awarded shall be based on the annual bonus and on the common share price, as defined in Section 3, on the day before the date on which the annual bonus would otherwise be payable. The Dividend Equivalent amounts shall be converted into additional restricted share units, the number of which shall be calculated on the basis of the price of the Bank’s common share on the last day of trading before the dividend payment date.
6. **Vesting of Restricted Share Units** – Subject to the provisions of Section 10, a Participant shall be deemed to have redeemed his or her restricted share units awarded under the Plan, including the additional units from Dividend Equivalents, on the first day of the opening of the window for insider trading in December of the third calendar year after the end of the Bank’s fiscal year in respect of which the annual bonus was earned. By way of illustration: the Bank’s fiscal year ended on October 31, 2005; annual bonus determined and restricted share units awarded on or around January 19, 2006; vesting date of the share units: the first day that follows the opening of the window for insider trading, as specified in the Bank’s Insider Policy, after the end of the 2007–2008 fiscal year and no later than December 31, 2008. Moreover, the Participant shall be required to meet one or the other of the following conditions: the Participant shall be an employee of Laurentian Bank or one of its subsidiaries on the vesting date or the Participant shall be a retired employee of Laurentian Bank on the vesting date.
7. **Disposal of Restricted Share Units** – A Participant may dispose of his or her restricted share units only if they have been vested at the time of the disposal.
8. **Redemption Price** – The redemption price of each restricted share unit shall be the share price, as defined in Section 3, on the vesting date.
9. **Payment for Restricted Share Units** – In the ten (10) days following the Participant’s disposal of restricted share units, the Participant shall receive a cash payment equal to the number of restricted share units times the share price calculated in accordance with the terms and conditions of the Plan (see Section 8). All required statutory deductions shall be subtracted from the payment.
10. **Validity Period of Restricted Share Units** – The validity period of a restricted share unit shall begin on the date of its awarding and end on the vesting date, except in the following cases: (a) in the event of the death of a Participant, the awarded share units (Employee Portion) and any additional units from Dividend Equivalents shall be vested on the date of death. The awarded share units (Employer Portion) and the additional units from Dividend Equivalents shall be vested proportionally to the number of full months worked since the initial award date until the date of death. The redemption price of these units shall be equal to the number of units vested times the Bank’s share price on the last trading day prior to the date of death; (b) retirement shall not have the effect of accelerating the vesting of restricted share units. As a result, the Participant shall be allowed to redeem his or her share units only on the regular vesting date. For the purposes hereof, “retirement” means the termination of the Participant’s job and the payment to the Participant of an immediate monthly pension under the Bank’s salaried employee’s pension plan. The Committee shall be responsible for evaluating any cases that do not fit this definition; (c) in the event of the Participant’s voluntary termination of employment, the Participant may redeem only the restricted share units related to his or her Employee Portion and the additional units related to the Dividend Equivalents. The redemption price for these units shall be equal to the number of said units times the share price on the termination date. The restricted share units related to the Employer Portion and the additional units

related to the Dividend Equivalents shall be cancelled; (d) in the event of the Participant's involuntary termination of employment due to a reorganization or restructuring, the Participant shall be allowed to redeem the restricted share units related to his or her Employee Portion and the additional units related to the Dividend Equivalents. The restricted share units related to the Employer Portion and the additional units related to the Dividend Equivalents shall be redeemed proportionally to the number of months worked since the initial unit award date. The redemption price for these units shall be equal to the number of said units times the share price on the termination date; (e) in the event of dismissal for just and sufficient cause, the Participant shall be allowed to redeem the restricted share units related to his or her Employee Portion and the additional units related to the Dividend Equivalents. The redemption price for these units shall be equal to the number of said units times the share price on the dismissal date. The restricted share units related to the Employer Portion and the additional units related to the Dividend Equivalents shall be cancelled.

11. **Change of Control** – If a Participant's position is eliminated in a twelve-month (12-month) period after a change of control of Laurentian Bank of Canada due to a reorganization, merger, restructuring, assignment, sale or other transformation of the Bank, the Participant shall be entitled to all the units awarded (Employee Portion and Employer Portion) as at the termination date, notwithstanding the restrictions provided in Section 10. However, if the employee maintains a position equivalent to the position he or she held before the change of control, the vesting of units shall follow its normal course. This provision shall not apply if the Participant's employment is terminated for just and sufficient cause. For the purposes hereof, the express "change of control" means: the direct or indirect acquisition by a person (other than a holding company of which the Bank's shareholders have become the owners as a result of a transaction that does not involve companies unrelated to the Bank) of a number of voting shares of the Bank that allow him or her to exercise control over the Bank in the sense of Section 3 of the *Bank Act* (excepting Subsection (d)) or the merger, reorganization or other transformation by which the Bank merges with another company unrelated to the Bank.
12. **Shareholder's Rights** – Except for the right to Dividend Equivalents, a Participant shall not be granted voting rights with respect to the restricted share units.
13. **Effect of Alteration of Share Capital** – If a change occurs in the number of outstanding voting common shares of the class concerned by the Plan due to a payment of stock dividends, stock split, recapitalization, merger, consolidation, business combination, share-for-share exchange or any other similar change in the Bank's structure, the Committee shall carry out a fair readjustment of the number of units awarded under the Plan and, if appropriate, of the value of these units. This readjustment shall be final and binding for the purposes of the Plan.
14. **Effect of Privatization** – If the Bank's shares cease to be publicly traded, the Participant shall be deemed to have acquired all the units awarded (Employee Portion and Employer Portion) on the date of the privatization, notwithstanding the restrictions provided in Section 10. The redemption price of the units shall be equal to the number of units times the Bank's share price on the date of the privatization. However, this section shall not apply in the event the Bank's shares are exchanged for the shares of a holding company or the shares of another company.
15. **Amendment and Abrogation** – The Committee may from time to time and at any time amend, suspend or abrogate the Plan in whole or in part. No amendment, suspension or abrogation of the Plan may, without the consent of the Participants of earlier awards, adversely affect the rights of these Participants.
16. **Deemed Employment Contract** – The adoption or existence of the Plan shall not be construed as constituting an employment contract between the Bank and any of the Participants or as being a consideration for or an employment condition of any person. No provision of the Plan may be construed as entitling anyone whomsoever to continue being a Bank employee or as limiting the Bank's right to lay off, discipline or dismiss any Participant, at any time, without regard to the impact that such action may have on participation in the Plan or on the benefits that he or she or his or her legal representatives may derive from it.
17. **Special Agreement** – Any special agreement concluded with a Participant and approved by the Bank's Board of Directors shall have precedence over the terms and conditions provided herein.
18. **Effective Date of the Plan** – The Plan shall come into force and effect on January 1, 2006.

Stock Option Purchase Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries

1. **Purposes of the Plan** – The stock option purchase plan (the "Plan") for the officers of the Laurentian Bank and its subsidiaries (the "Bank") has three main purposes: to foster the development and growth of the Bank, to establish a link between the compensation and the increased value of the shares and to attract and retain key executives needed by the Bank.
2. **Management** – The Plan is managed by the Human Resources Committee of the Board of Directors of the Bank (the "Committee"). The Committee is fully empowered to interpret the clauses of the Plan, adopt by-laws and make any other decision it may deem necessary or useful for the management of the Plan. The word "subsidiary", for the purposes of the Plan, means any company of which more than fifty percent (50%) of the voting share capital is held directly or indirectly by the Bank for its own account. The Plan nevertheless applies only to the subsidiaries named by the Committee.
3. **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 (the "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.
4. **Eligibility** – All members of the Management Committee of the Bank are eligible as well as any other employee designated by the Committee.

5. **Grants** – The Committee designates, from time to time, among the eligible members of the management, those who will benefit (the "Beneficiaries") of a grant (the "Grant"). The Committee determines the number of Shares subject to the Grant as well as its effective date (the "Grant Date"). Each Grant bears the option to purchase a given number of Shares (the "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.
6. **Subscription Price** – The subscription price of each share which may be purchased at the exercise of the Option (the "Subscription Price") is determined by the Committee for each Grant, but may not be less than one hundred percent (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 negotiated at the Montreal Exchange and the Toronto Stock Exchange on the five (5) days preceding the Grant.
7. **Exercise of the Option** – Each option granted pursuant to an annual Grant may be exercised in the following matter: no share subject to the Option may be subscribed before the first anniversary of the Grant Date; not more than twenty-five percent (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 fifty percent (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 seventy-five percent (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.
8. **Length of the Option** – Each Option is effective for a period determined by the Committee but not exceeding ten (10) years after the Grant Date (the "Length of the Option"), 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 (12) 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. In this Plan, "retirement" means the termination of the Beneficiary's employment which allows him to receive a monthly retirement allowance immediately payable under the Employees' Retirement Plan; (d) if the Beneficiary ceases to be employed by the Bank, for any reason other than death or retirement, any Option acquired expires 30 days after the date the Beneficiary ceases to be employed by the Bank; (e) the Committee may, at its discretion allow all Options to be exercised, even if rights to these Options are not acquired and postpone the limit for the exercise of Options mentioned in paragraphs (b), (c) and (d), as long as this date is not later than the expiry date of the Option; (f) the Committee may, subject to the approval of the Beneficiary, cancel a Grant the Options of which have not been exercised. The Beneficiary loses any right conferred by the Option if these rights have not been exercised before the expiry of the Option. All Shares which have been subject to Options which were cancelled or which have expired may be granted anew.
9. **Change in Control** – In the event of a change in control of the Laurentian Bank of Canada resulting from a reorganization, a merger, a restructuring, a transfer, a sale or other transformation of the Laurentian Bank of Canada, the Beneficiary will be deemed to have acquired the right to exercise all the Options granted as of the date of the change in control, notwithstanding the restrictions stipulated by Section 7. However, the present provision does not apply if the Beneficiary's employment is terminated for a just and sufficient cause. In this Plan, "change in control" means: the purchase directly or indirectly by a person (other than a holding company owned by the shareholders of the Bank following an exchange of shares to which no non-related company has been a party) of a sufficient number of voting shares to control the Bank within the meaning of Section 3 of the *Bank Act* or the amalgamation, reorganization or other transformation under which the Bank is combined with another company not related to the Bank.
10. **Payment upon Exercise of the Options** – An Option may only be exercised upon a written notice from the Beneficiary to the Bank. This notice indicates the number of Shares for which the Option is exercised and a certified cheque made to the order of the Bank for the total Subscription Price must be attached to the notice. All Options must be exercised according to the by-laws of the Stock Exchanges and Securities Commissions which are in force within their respective territories.
11. **Issuance of Share Certificates and Sales of Shares** – Share certificates for the Shares issued pursuant to the exercise of Options will be registered in the name of the Beneficiary and will be issued to the Beneficiary with all possible dispatch.
12. **Non-transferability** – The Beneficiary may not transfer, negotiate or sell any Option, except by will or other testamentary document or according to the laws respecting the devolution and allotment of estates.
13. **Rights of Shareholders** – 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.
14. **Modifications of the 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.

- 14.1 **Effect of 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, notwithstanding the restrictions stipulated by Section 7. 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.
15. **Modifications and Termination** – The Committee may at any time, and from time to time, amend, suspend or terminate the Plan in whole or in part; the Committee may not, nevertheless, without having received the approval of the shareholders at a shareholder meeting of the Bank, raise the number of Shares which may be issued pursuant to the Plan. No modification, suspension or termination of the Plan may, without the consent of Beneficiaries of previous Grants, have negative effects on the acquired rights of the Beneficiaries.
16. **Deemed Employment Contract** – The adoption or existence of the Plan shall not be interpreted or be deemed to constitute an employment contract between the Bank and any designated executive or as being a consideration for or a condition for the employment of any person. No clause of the Plan may be interpreted as conferring to anybody the right to continue to be employed by the Bank or as limiting the rights of the Bank to dismiss or discipline any designated executive, at any time regardless of the effects such action may have upon the participation to the Plan or the benefits this executive or his legal representatives could gain from the Plan.
17. **Particular Agreement** – Any particular agreement concluded with a Beneficiary and approved by the Board of Directors of the Bank shall prevail over the terms and conditions of the Plan.
18. **Effective Date of the Plan** – The Plan becomes effective on June 1, 1992.

Phantom Shares Plan for the Officers of the Laurentian Bank of Canada and its Subsidiaries

1. **Purposes of the Plan** – The phantom shares plan (the "Plan") for the officers of the Laurentian Bank and its subsidiaries (the "Bank") has three main purposes: to foster the development and growth of the Bank, to establish a link between the compensation and the increased value of the shares and to attract and retain key executives needed by the Bank. The purpose of the Plan is to allow participants to earn a cash benefit established on the basis of the plus-value of the Bank's stock shares.
2. **Management** – The Plan is managed by the Human Resources Committee of the Board of Directors of the Bank (the "Committee"). The Committee is fully empowered to interpret the clauses of the Plan, adopt by-laws and make any other decision it may deem necessary or useful for the management of the Plan. The word "subsidiary", for the purposes of the Plan, means any company of which more than fifty percent (50%) of the voting share capital is held directly or indirectly by the Bank for its own account. The Plan nevertheless applies only to the subsidiaries named by the Committee.
3. **Eligibility** – All members of the Management Committee and of the Planning Committee of the Bank are eligible as well as any other employee designated by the Committee.
4. **Grants** – The Grants of phantom shares 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. Each grant is witnessed by a letter addressed to the Beneficiary indicating the number of phantom shares granted, the underlying value of the shares and the terms and conditions under which the plus-value of the phantom shares can be cashed. The value of the Grants is determined in relation with the base salary of the participant. For a member of the Management Committee or of the Planning Committee or an equivalent position within a subsidiary, the value of the annual Grant will generally be equal to fifty percent (50%) of the annual base salary of the participant, and to seventy five per cent (75%) in the case of Executive Vice-Presidents. For any other designated employee, the value of the annual Grant will generally be equal to thirty percent (30%) of the annual salary of the participant. The Committee may, nonetheless, allow Grants of different value in view of special circumstances. The number of phantom shares is determined according to the following formula:

$$\frac{\text{Base salary} \times \text{Value of the Grant}}{\text{Value of the phantom share at the time of the Grant}}$$

In this Plan, "Base salary" means the amount of the Beneficiary's annual salary at the time of the Grant.

5. **Phantom Shares Plus-Value** – A Beneficiary acquires the right to the plus-value of the phantom shares granted to him in accordance with the prescriptions of Section 6. The plus-value of a phantom share at a given date is equal to amount by which the value of the phantom share at that date exceeds the value of the phantom share at the date of the Grant. The value of a phantom share at the date of the Grant is equal to the market value of a common share of the Bank at the date of the Grant. For the purposes of the preceding sentence, the "market value" of a common share means the arithmetic average of the weighted average of trading prices of the shares negotiated at the Montreal Exchange and The Toronto Stock Exchange on the five (5) trading days preceding the Grant. The value of a phantom share at a date other than the date of the Grant is equal to the market value of a common share of the Bank at that date. For the purposes of the preceding sentence, "market value" at a date means the arithmetic average of the closing prices of the shares negotiated at the Montreal Exchange and The Toronto Stock Exchange on the last trading day preceding that date when at least one share has been traded at each of the two Exchanges.
6. **Acquisition of the Right to the Plus-Value** – A Beneficiary acquires the right to the plus-value of the phantom shares granted to him in the following matter: no right to the plus-value of a phantom share may be acquired before the second anniversary of the Grant Date; the plus-value of twenty-five percent (25%) of the total number of phantom shares granted is acquired on the second anniversary of the Grant Date; the plus value of a further twenty-five percent (25%) of the total number of phantom shares granted is acquired on the third anniversary of the Grant Date; the plus-value of a further twenty-five percent (25%) of the total number of phantom shares granted is acquired on the fourth anniversary of the Grant Date; the plus-value of all the phantom shares granted is acquired on the fifth anniversary of the Grant Date.

7. **Exercise of the Right to the Plus-Value** – A beneficiary can exercise his right to the plus-value of the phantom shares only when the right to that plus-value has been acquired. The right to the plus-value of a phantom share which has not been exercised on the tenth anniversary of the Grant date is annulled and void. A Beneficiary who wishes to exercise his right to the plus-value of any phantom share must file the Form for the Exercise of the Right to the Plus-Value and send it to the Secretary of the Bank.
8. **Payment of the Plus-Value** – When a Beneficiary exercises his right to the plus-value of a phantom share, he is entitled to a cash payment equal to the plus-value of those phantom shares on the date on which the required Form for the Exercise of the Right to the Plus-Value is received by the Secretary of the Bank. This payment, net of statutory deductions, is made to the Beneficiary with all possible dispatch.
9. **Termination of Employment** – In case of death of the Beneficiary, the estate of the Beneficiary may exercise the right to the plus-value of the phantom shares which are acquired at the time of the death of the Beneficiary, provided such exercise is made within one year of the death of the Beneficiary. Upon retirement, the Beneficiary may exercise his rights to the plus-value as rights are acquired under Section 6 but before the first of the following dates, either December 31 of the third year following the year of retirement or the tenth anniversary of the Grant date. In this Plan, "retirement" means the termination of the Beneficiary's employment which allows him to receive a monthly retirement allowance immediately payable under the Employees' Retirement Plan. If the Beneficiary ceases to be employed by the Bank, for any reason other than death or retirement, any acquired right to the plus-value of the phantom shares expires 30 days after the date the Beneficiary ceases to be employed by the Bank. The Committee may, at its discretion allow all rights to the plus-value of the phantom shares to be exercised, even if those rights are not acquired and postpone the limit for the exercise of Grants mentioned in this section, as long as this date is not later than the expiry date of the Grant. The Committee may, subject to the approval of the Beneficiary, cancel a phantom share of which the right to the plus-value has not been exercised. The Beneficiary loses any right to the plus-value conferred by a phantom share if these rights have not been exercised before the expiry date of the Grant.
10. **Change in Control** – In the event of a change in control of the Laurentian Bank of Canada resulting from a reorganization, a merger, a restructuring, a transfer, a sale or other transformation of the Laurentian Bank of Canada, the Beneficiary will be deemed to have acquired the right to the plus value of all the phantom shares granted as of the date of the change in control, notwithstanding the restrictions stipulated in Section 6. However, the present provision does not apply if the Beneficiary's employment is terminated for a just and sufficient cause. In this Plan, "change in control" means: the purchase directly or indirectly by a person (other than a holding company owned by the shareholders of the Bank following an exchange of shares to which no non-related company has been a party) of a sufficient number of voting shares to control the Bank within the meaning of Section 3 of the *Bank Act* or the amalgamation, reorganization or other transformation under which the Bank is combined with another company not related to the Bank.
11. **Non-transferability** – The Beneficiary may not transfer, negotiate or sell any phantom share, except by will or other testamentary document or according to the laws respecting the devolution and allotment of estates.
12. **Rights of Shareholders** – Phantom shares granted to a participant or the right to the plus-value of those phantom shares do not entitle a Beneficiary to any of the rights of a shareholder of the Bank.
13. **Modifications of the Share Capital** – If changes occur in the number of issued common voting Shares of the Laurentian Bank of Canada following a dividend paid in Shares, a share split, a merger, a consolidation or regrouping or exchange of Shares of any other similar modification in the structure of the Bank, the Committee will readjust equitably the number of phantom shares granted pursuant to the Plan. These adjustments will be final and mandatory for the purposes of the Plan.
- 13.1 **Effects of 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 the plus-value of all the phantom shares granted as of the date of the privatization, notwithstanding the restrictions stipulated in Section 6. 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.
14. **Modifications and Termination** – The Committee may at any time, and from time to time, amend, suspend or terminate the Plan in whole or in part. No modification, suspension or termination of the Plan may, without the consent of Beneficiaries of previous Grants, have negative effects on the acquired rights of the Beneficiaries.
15. **Deemed Employment Contract** – The adoption or existence of the Plan shall not be interpreted or be deemed to constitute an employment contract between the Bank and any designated executive or as being a consideration for or a condition for the employment of any person. No clause of the Plan may be interpreted as conferring to anybody the right to continue to be employed by the Bank or as limiting the rights of the Bank to dismiss or discipline any designated executive, at any time regardless of the effects such action may have upon the participation to the Plan or the benefits this executive or his legal representatives could gain from the Plan.
16. **Particular Agreement** – Any particular agreement concluded with a Beneficiary and approved by the Board of Directors of the Bank shall prevail over the terms and conditions of the Plan.
17. **Effective Date of the Plan** – The Plan becomes effective on a date determined by the Board of Directors of the Bank.

SCHEDULE C
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 business and internal affairs of the Bank. In doing so, the Board assumes stewardship of the Bank and establishes general governance rules regarding the Bank's affairs, its development, growth and performance. The role of the directors is essentially supervisory in nature, the day-to-day management and decision-making functions having been delegated to the full time officers of the Bank

As part of its stewardship responsibility, functions of the Board of Directors exercised either directly or through committees include:

1. supervising the business and internal affairs of the Bank;
2. supervising the strategic planning process and participating in elaborating strategic orientations;
3. identifying the principal risks of the Bank's business and ensuring the implementation of appropriate systems to manage such risks;
4. reviewing financial and operational results;
5. approving the annual budget and business plans;
6. developing the Bank's approach to corporate governance;
7. ensuring compliance with laws and regulations, rules of conduct, rules regarding the integrity of the Bank's internal controls and management information systems and promoting a culture of integrity throughout the Bank;
8. reviewing the composition of the Board, its size and remuneration;
9. establishing criteria to evaluate Board members' independence;
10. assessing the effectiveness of the Board as a whole and its members;
11. ensuring the recruitment of new Board members;
12. appointing and dismissing the President and Chief Executive Officer;
13. setting objectives for the President and Chief Executive Officer and measuring the results against such objectives;
14. assessing senior management performance in accomplishing the duties delegated to it and fixing its remuneration;
15. developing a succession plan for senior management and more particularly for the President and Chief Executive Officer;
16. reviewing periodically the Bank's structure;
17. approving major policies and objectives of the Bank, including a communication policy specifying the way investors may communicate with the Bank;
18. reporting to shareholders on the Bank's performance; and
19. meeting the Board's legal obligations.

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 Vice-Chairman of the Board

The functions of the Vice-Chairman of the Board are:

1. assisting the Chairman of the Board in his functions and replacing him in case of absence or incapacity to act;
2. representing the organisation before different authorities; and
3. advising the President and Chief Executive Officer on the social and charitable involvement of the organisation.

The Vice-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 responsibilities. 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 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 Audit Committee

1. Establishment

The Audit Committee of the Board of Directors is established for the purposes described hereinbelow.

2. Appointment

The committee shall consist of at least three directors.

At the Board meeting that follows the annual meeting of shareholders, the Board of Directors shall elect the members who make up the Committee and its Chair after assessing their independence toward the Bank and their financial literacy.

Unless they are replaced in the interim by decision of the Board of Directors, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. Remuneration

For their services, the members of the Committee shall receive the remuneration established by resolution of the Board of Directors.

4. Committee meetings

The Audit Committee shall meet at least once a quarter.

Committee meetings may be held without notice, provided the members waive such notice. The Committee may meet as often as the members deem appropriate and at the location determined by them.

5. Quorum

At Committee meetings, quorum shall be constituted by the majority of members.

6. Chair

The Committee Chair, as designated by the Board of Directors, shall preside over the Committee meetings. In the Chair's absence, the members present may elect from their number an ad hoc Chair.

7. Procedure

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

8. Meetings

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 or 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.

The auditors shall receive notice of Committee meetings.

9. Secretary

With respect to the Committee's mandate, the Secretary of the Bank or any other officer designated by the President of the Bank shall carry out the duties of the secretary and the duties assigned by the Committee Chair.

10. Duties and responsibilities

The preparation, presentation and integrity of the Bank's financial statements are the responsibility of management. Management is also responsible for maintaining adequate internal controls and procedures and for the use of appropriate policies and standards regarding accounting and the presentation of financial information. The external auditors are responsible for the audit of annual financial statements and the review of quarterly financial information in accordance with professional standards.

The Committee is created to review on a continuous basis the pertinence and effectiveness of these activities and to assist the Board of Directors in overseeing the integrity of the financial statements of the Bank, the relevance and effectiveness of internal controls, the qualifications and independence of the external auditors, the performance of the internal audit function and of the external auditors and the Bank's compliance with legal and regulatory requirements.

The Committee shall review its mandate each year.

10.1 Responsibilities regarding the external audit

- 10.1.1 Recommend to the Board of Directors the appointment of the external auditors as well as their fees, and review their employment perquisites and the other services they may be called on to provide to the Bank and the circumstances that could justify and warrant a change of external auditors, who shall report directly to the Committee;
- 10.1.2 Be responsible for overseeing the work of the external auditor employed to prepare or deliver an audit report or provide other audit, review or attestation services to the Bank, including the resolution of differences between management and the external auditor regarding financial information;

- 10.1.3 Discuss and review the competence, independence and objectivity of the external auditors and of the partner of the external audit firm in charge of the mission with the Bank as well as the rotation of the partner in charge or of the other partners involved on the engagement team;
- 10.1.4 Meet the auditors to discuss the annual report, statements and transactions that could undermine the Bank's financial position;
- 10.1.5 Review the mandate of the external auditors and the external audit programs, the letter of recommendation that follows the annual audit and the corresponding follow-ups, the major changes to accounting policies, the main value judgements that are the basis of the financial statements and how these statements are drafted;
- 10.1.6 Preapprove all non-audit services that the external auditor of the Bank or those of its subsidiaries are to provide to the Bank or its subsidiaries within the context of the Policy on Approval of Services Provided by External Auditors;
- 10.1.7 Review and approve the hiring policies of the Bank with respect to the employees and former employees of the Bank's current auditor and former auditors;
- 10.2 *Responsibilities regarding the internal audit*
 - 10.2.1 Meet with the Vice-President, Audit, and Bank management to discuss the effectiveness of the internal controls implemented by the Bank and the measures taken to rectify any significant deficiencies or breakdowns found;
 - 10.2.2 Review the mandate and the internal audit programs, the resources granted to the function and the follow-up on the recommendations of the internal auditors;
 - 10.2.3 Review the statements of the Vice-President, Audit, regarding the efficiency of the internal controls of the Bank with respect to the audit work performed;
 - 10.2.4 Take note of the Bank's recommendations to the Board of Directors regarding the appointment, resignation or dismissal of the Vice-President, Audit, or any officer or employee of the Bank who performs similar duties;
- 10.3 *Responsibilities regarding financial disclosure and reports*
 - 10.3.1 Review the annual report including the financial statements and Management's Discussion and Analysis section before their approval by the Board of Directors;
 - 10.3.2 Review the annual and quarterly financial statements, Management's Discussion and Analysis sections and related news releases before they are submitted to the Board of Directors;
 - 10.3.3 Review the Bank's annual information form before it is submitted to the Board of Directors;
 - 10.3.4 Review the quarterly management reports regarding lawsuits that may have a significant impact on the financial statements;
 - 10.3.5 Review the compliance officer's annual report regarding compliance and regulation issues;
- 10.4 *Responsibilities regarding internal controls*
 - 10.4.1 Require that management implement appropriate internal control and public disclosure mechanisms for financial information extracted or derived from the Bank's financial statements;
 - 10.4.2 Periodically review, evaluate and approve such mechanisms;
 - 10.4.3 Verify all investments and transactions that could undermine the Bank's financial position when they are brought to its attention by the auditors or an officer;
 - 10.4.4 Ensure the implementation of procedures regarding the receipt, retention and handling of complaints received by the Bank with respect to accounting, internal controls and auditing matters;
 - 10.4.5 Ensure the implementation of procedures concerning confidential anonymous submissions by Bank employees regarding questionable accounting or auditing matters;
- 10.5 *Responsibilities regarding supervisory agencies*
 - 10.5.1 Review all Bank statements specified by the Superintendent of Financial Institutions;
 - 10.5.2 Ensure that the recommendations of regulatory authorities are followed up.

Lastly, the Committee shall review any other matter of a financial nature that it deems appropriate or that the Board of Directors refers to it.

11. Reporting

The Audit Committee shall report on its activities to the Board of Directors verbally at the Board meeting that follows the regular Committee meeting and by submitting a written report at the subsequent Board meeting.

The Committee shall also report on its activities annually in connection with the annual meeting of shareholders.

Mandate of the Risk Management Committee

1. Establishment

The Risk Management Committee (the "Committee") is constituted for the purposes specified herein below.

2. Appointment

At the Board meeting that follows the annual meeting of shareholders, the Board of Directors shall elect the members who make up the Committee and its Chair. The Committee shall be formed of members who are not officers of the Bank and a majority of whom are not officers or directors of any entity associated with the Bank.

Unless they are replaced in the interim by decision of the Board of Directors, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. Remuneration

For their services, Committee members shall receive the remuneration established by resolution of the Board of Directors.

4. Committee meetings

Committee meetings may be held without notice, provided the members waive such notice. The Committee may meet as often as the members deem appropriate and at the location determined by them.

5. Quorum

At Committee meetings, quorum shall be constituted by a majority of the members.

6. Chair

The Committee Chair, as designated by the Board of Directors, shall preside over 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. Meetings

In carrying out its mandate, the Committee, if it deems appropriate, may:

- (a) meet with any officer or employee of the Bank or with its auditors; and
- (b) call on external resources independent of the Bank.

The auditors shall receive notice of Committee meetings and may attend them if they desire.

9. Secretary

With respect to the Committee's mandate, the Secretary of the Bank or any other officer designated by the President of the Bank shall carry out the duties of the secretary and the duties assigned by the Committee Chair.

10. Duties and responsibilities

Except insofar as these duties and responsibilities are assumed by another committee of the Board, the Committee shall ensure that policies and systems for maintaining operational, market, credit, liquidity, financing, capital, structural and fiduciary risks at an acceptable level exist and are properly applied.

Specifically, the Committee shall:

- (a) ensure that risk analysis is performed within the context of the company's strategic plan;
- (b) review and approve the various policies implemented to manage these risks; and
- (c) verify that these policies are applied.

10.1 Review function

The Committee's duties shall consist in:

- (a) requiring management to implement mechanisms for ensuring compliance with the provisions of Part XI of the *Bank Act* (the "Act") respecting self-dealing;
- (b) reviewing these mechanisms and their effectiveness;
- (c) reviewing the Bank's practices in order to ensure that any self-dealing as defined by the Act and with the potential to undermine the Bank's solvency or stability are identified;
- (d) establishing internal conflict of interest resolution mechanisms, in particular measures to detect the potential sources of such conflicts, and limiting the use of confidential information;
- (e) supervising the application of the procedures provided in subparagraph (d);
- (f) establishing mechanisms for conveying to the Bank's clients the information that must be disclosed under the Act and procedures for dealing with complaints from its clients such as must be implemented under subsection 455 (1) of the Act;
- (g) supervising the application of the mechanisms provided in subparagraph (f); and
- (h) dealing with any other matter that the Board of Directors or management refers to it.

10.2 Credit function

The Committee's duties shall consist in:

- (a) exercising the powers of the Board of Directors with respect to the approval of loans and monetary advances within the limits established by the Board;
- (b) approving the credit risk management policies; and
- (c) monitoring the quality of the loan portfolio and the adequacy of the provision for losses.

The Board of Directors shall establish by resolution the limits in excess of which loans and advances shall require the Committee's approval. The Board may also establish a ceiling beyond which it reserves for itself the approval of loans and advances.

10.3 Supervisory function

The Committee's duties shall consist in:

- (a) determining whether, taking the circumstances into account, it is reasonable for a person who is already an officer or a director of an affiliate of the Bank to be called on to act as a director or officer of the Bank;
- (b) periodically following up any situation in which a director or an officer also holds such a position in an affiliate of the Bank. This follow-up may be performed in any manner the Committee deems appropriate, in particular by means of a periodic questionnaire or declaration from the person who has assumed dual functions;
- (c) reviewing and adjudicating any significant immediate conflict of interest situation that involves any person who has assumed dual functions, irrespective of whether the situation is real or potential;
- (d) reviewing any conflict of interest situation regarding the application of a service agreement with an affiliate of the Bank and the conditions intended to restrict business opportunities.

For the purposes of this section, the term "affiliate" is an entity as defined in Section 6 of the Act.

11. Reporting

The Committee shall report on its activities to the Board of Directors.

Mandate of the Human Resources and Corporate Governance Committee

1. Establishment

The Human Resources and Corporate Governance Committee is established for the purposes described hereinbelow.

2. Appointment

At the Board meeting that follows the annual meeting of shareholders, the Board of Directors shall elect the members who make up the Committee.

Unless they are replaced in the interim by decision of the Board of Directors, the Committee members shall remain in office until the Board meeting that follows the annual meeting of shareholders.

3. Remuneration

For their services, the Committee members shall receive the remuneration established by resolution of the Board of Directors.

4. Meetings

Committee meetings may be held without notice, provided the members waive such notice. The Committee may meet as often as the members deem appropriate and at the location determined by them.

5. Quorum

At Committee meetings, quorum shall be constituted by a majority of the members.

6. Chair

The Committee Chair, as designated by the Board of Directors, shall preside over 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. Meeting

In carrying out its mandate, the Committee, if it deems appropriate or useful, may meet with any officer or employee of the Bank.

9. Secretary

A Committee member or an officer of the Bank designated by the Committee Chair shall act as secretary.

10. Duties and responsibilities

The duties and responsibilities of the Committee shall consist in:

10.1 Human resources

- (a) Reviewing, while taking into account the Bank's competitive position and maintaining a fair internal system, and submitting to the Board of Directors for approval the Committee's recommendations regarding:
 - (i) the appointment of the members of the Bank's management;
 - (ii) rules governing the Bank's stock option plan and phantom stock to be granted to Bank personnel;

- (iii) any significant change in the working conditions of the Bank's management other than those relating to the registered pension plans;
- (b) Approving the employee and management compensation policy;
- (c) Establishing the compensation and individual bonuses under the incentive plans of the members of management whose appointment it proposes and approving the granting of stock options and phantom shares;
- (d) Adopting, modifying and administering any supplementary benefit plan, employee benefits plan, compensation plan in the event of change in control or any other similar plan to benefit the officers and executives of the Bank and its subsidiaries, excepting any and all registered pension plans;
- (e) Approving the rules regarding the granting of stock options and phantom stock to personnel of the subsidiaries and receiving reports of these grants;
- (f) Receiving periodic reports on significant changes in the pay and other employment conditions of the employees of the Bank and its subsidiaries that fall under the Committee's responsibility;
- (g) Periodically reviewing the current and future structure of the Bank and the succession planning for the Bank's executives;
- (h) Receiving periodic status reports on the relations between the Bank and the employees' union.

10.2 *Corporate governance*

With respect to corporate governance, the Committee's duties and responsibilities shall consist in:

- (a) Reviewing the following areas and making recommendations to the Board to ensure the Bank engages in sound practices in compliance with the applicable guidelines:
 - recruitment of directors and study of the candidacies
 - renewal of directors' mandates
 - proper conduct of the Board and its committees and evaluation of their performance
 - compensation of directors with respect to their duties
 - liaison and the division of duties between the Board and management
 - generally, all matters that affect corporate governance and compliance with the related rules and guidelines
 and making recommendations to the Board to ensure that the Bank adopts sound management practices in compliance with the applicable guidelines;
- (b) Ensuring the new directors receive the orientation and information they require to carry out their duties properly; and
- (c) Ensuring the shareholders are properly informed about the Bank's activities and the Committee is informed of any major dispute that may arise between the Bank and its shareholders.

11. **Reporting**

The Committee shall submit a written report on its activities to the Board of Directors.

SCHEDULE D
COMMITTEE REPORTS

Dear Shareholders,

The chairs of the Audit, Risk Management and Human Resources and Corporate Governance 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 Audit Committee

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

Responsibilities regarding the external audit

- 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-up performed.
- As it does each year, the Audit 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 proceeded to 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. A summary of 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.

Responsibilities regarding internal audit

- 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-up made on the recommendations as well as the internal auditor's opinion on the internal controls. Also, as it does every year, the Audit 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.

Responsibilities regarding financial disclosure and reports


- In accordance with its mandate and the Financial Information Disclosure Policy, which was reviewed during the year, the Committee reviewed the financial statements and the Management's Discussion and Analysis included in the Bank's annual report before they were approved by the Board of Directors. It also examined the quarterly financial statements and the Management's Discussion and Analysis included in the Bank's press releases before they were submitted to the Board of Directors.
- The Committee also took an interest in the impact of certain new accounting standards on the Bank's financial statements.

Responsibilities regarding internal controls

- The Committee received from management a letter of certification for the fiscal year ended October 31, 2006, and for each of the quarters of fiscal 2006 covering all of the Bank's operations.
- On a continuous basis, the Committee ensured that follow-up was made on the main aspects of internal control and compliance. In particular, the Committee received and reviewed the compliance programs completed during the fiscal year, reviewed and recommended that the Board of Directors approve the amendments to the Bank's Compliance Policy and Money Laundering and Terrorist Financing Policy and ensured that the Compliance function had sufficient resources.
- The Committee also reviewed the Bank's policy regarding disclosure of inappropriate accounting treatment.
- Lastly, the Committee followed-up quarterly on the actions taken by the Bank to comply with the regulatory requirements aimed at increasing investor confidence, such as those related to financial certification.

Responsibilities regarding supervisory agencies

- On a continuous basis, the Committee ensured that follow-up was performed on the recommendations and questions of the supervisory agencies. With no management representatives present, the Committee met with the representatives of the Office of the Superintendent of Financial Institutions in order to discuss its recommendations.



Richard Bélanger, Chair

Report of the Risk Management Committee

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

Review function

- The Committee reviewed the changes made to the following policies, procedure and codes which are under its responsibility and recommended their approval by the Board of Directors:
 - Code of Ethics for Employees*
 - Code of Ethics for Service Providers*
 - Privacy Code*
 - Insider Policy
 - Policy on Financial Benefits on Products Offered by the Bank
 - Complaint Investigation Procedure
(*available on SEDAR)
- When necessary, the Committee reviewed the decisions of the Bank's Self-Dealing Review Committee to ensure that they were reasonable.
- The Committee also reviewed the directors' report on the work of the Risk Management Committee for the "review" section submitted to the Office of the Superintendent of Financial Institutions before it was submitted to the Board of Directors.

Credit function

- The Committee considered and, when appropriate, approved changes to the Bank's credit policies, in particular reviewing certain limits, before submitting them to the Board of Directors for approval.
- 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. In addition, the Committee examined the loan applications that deviated from the lending guidelines and, if appropriate, recommended their approval by the Board of Directors.

Supervisory function

- The Committee reviewed the changes to the following policies and rules of conduct, which are under its responsibility, and recommended their approval by the Board of Directors:
 - Integrated Risk Management Framework Policy
 - Operational Risk Management Policy
 - Professional Responsibility Risk Management Policy
 - Outsourcing Risk Management Policy
 - Personal Information Protection Policy
 - Significant Change Approval Policy
 - Information Security Management Policy
 - Cost of Funds Transfer Pricing Management Policy
 - Treasury Risk Management Policies of the Bank and its Subsidiaries
 - Pledging Management Policy
 - Ethics Rules for Treasury and Capital Markets Employees
 - Capital Plan
- The Committee examined the cases where the limits specified in the treasury risk management policies were exceeded that were brought to its attention and, when appropriate, referred them to the Board of Directors.
- The Committee reviewed the mandate of the Integrated Risk Management function and ensured that the function had sufficient resources.
- Each quarter, the Committee received from the Chief Risk Officer an integrated risk management report, which enables the Committee to assess whether the Bank has an adequate and effective process for managing major risks.
- The Committee kept itself informed of the work relating to the new provisions of the Basle accord, the Bank's business continuity plan (including in the event of pandemic), liability insurance coverage, the information technology security plan and the fraud prevention program.
- The Committee also examined the main findings and recommendations of the Internal Audit function, and of the follow-up made on the recommendations.
- Lastly, on a quarterly basis and with no management representatives present, the Committee met with the heads of the surveillance functions (Internal Audit, Integrated Risk Management and Compliance) to discuss all aspects of their respective mandates and any related matters.



Jonathan I. Wener, Chair

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 function

- The Committee managed all through the year the succession process of the President and Chief Executive Officer and considered the succession plans for the members of the management committee.
- The Committee evaluated the performance of the President and Chief Executive Officer and reviewed the evaluations of the members of the Executive Committee and their objectives. The Committee reviewed senior management compensation, including base salary and long, medium and short-term incentive compensation. A detailed report on these subjects can be found under the heading "Executive Compensation" in the Bank's Management Proxy Circular dated January 17, 2006 and under the same heading in this Circular.
- The Committee reviewed the short-term incentive compensation program applicable to most employees and the bonus thresholds. The Bank's short-term incentive compensation program and bonus threshold are described in greater detail under the heading "Executive Compensation" of this Circular. The Committee also approved salary increases for the non-unionized employees of the Bank.
- The Committee approved a program of financial advantages on the Bank's products as well as a share purchase program for the Bank's employees.

Corporate governance function

- The Committee notably 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 the best corporate governance practices, including the mandate of the Board of Directors, the composition of the committees and the independence criteria for directors.
- The Committee also reviewed proposed modifications to the Insider Policy and the Financial Information Disclosure Policy.
- Lastly, the Committee coordinated the process for evaluating the Board of Directors, the committees and the members thereof. Further information on this process can be found in the "Corporate Governance Disclosure" section of this Circular.



Pierre Michaud, Chair

SCHEDULE E
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.