



LAURENTIAN BANK OF CANADA

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 Mount Royal Centre, 2200 Mansfield Street, in Montreal, Quebec, on Wednesday, March 17, 2004 at 9:00 a.m. for the following purposes:

- 1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2003 and the auditor's report thereon;
- 2) to consider and if deemed fit adopt a special resolution confirming the amendment to section 1 of By-law IV of the Bank's General By-laws relating to the number of directors of the Bank (the text of this special resolution is reproduced as Schedule A to the attached Management Proxy Circular);
- 3) to elect directors for the ensuing year;
- 4) to appoint the auditor;
- 5) to consider and if deemed fit adopt a resolution confirming the amendment to section 7 of By-law IV of the Bank's General By-laws relating to the quorum at Board of Directors meetings of the Bank (the text of this resolution is reproduced as Schedule B to the attached Management Proxy Circular);
- 6) to consider and if deemed fit adopt a shareholder's proposals (the text of these proposals is reproduced as Schedule C to the attached Management Proxy Circular);
- 7) to transact such other business as may properly be brought before the meeting.

As of February 5, 2004, 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 23,479,395, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 305,232,135.

Proxies to be used at the meeting must be received by the Bank's transfer agent, Computershare Trust Company of Canada, Stock Transfer Services, 100 University Ave, 9th Floor, Toronto, Ontario M5J 2Y1, prior to the close of business on March 16, 2004, or hand-delivered at the registration table on the day of the meeting prior to the commencement of the meeting.

By order of the Board of Directors,

Lorraine Pilon
Secretary

Montreal, Quebec, January 29, 2004

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. Your shares will be voted in accordance with your instructions as indicated on the proxy.

IMPORTANT INSTRUCTIONS REGARDING VOTING AND PROXIES

INSTRUCTIONS FOR REGISTERED SHAREHOLDERS

Voting through a proxyholder proposed on the enclosed proxy 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 enclosed proxy form to represent you at the meeting, simply complete, date, sign and return the enclosed form of proxy in the accompanying postage prepaid envelope within the delays 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 proxy.

Voting in person — If you wish to vote in person at the meeting, you must present yourself at the registration table at least one hour 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 other than a proxyholder proposed on the enclosed proxy 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 enclosed proxy form to represent you at the meeting, please strike out the two names appearing on the proxy form and 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 within the delays 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 one hour 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 to Computershare Trust Company of Canada within the delays indicated on the Notice of Meeting).

INSTRUCTIONS FOR UNREGISTERED* SHAREHOLDERS

Voting through a proxyholder proposed on the instruction form or proxy 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 instruction form or proxy form that your intermediary sent to you to represent you at the meeting, please complete the instruction form or proxy form and return it to your intermediary in accordance with the specific instructions provided to you by your intermediary. Your shares will be voted in accordance with your instructions as indicated on the instruction form or proxy form.

Voting in person — If you wish to vote in person at the meeting, please enter your name in the appropriate space on the instruction form or proxy form that your intermediary sent to you and return it to your intermediary in accordance with the specific instructions provided to you by your intermediary. You must present yourself at the registration table at least one hour 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 other than a proxyholder proposed on the instruction form or proxy 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 instruction form or proxy form that your intermediary sent to you to represent you at the meeting, please enter the name of the desired representative in the appropriate space on the instruction form or proxy form and return it to your intermediary in accordance with the specific instructions provided to you by your intermediary. Your proxyholder must present himself or herself at the registration table at least one hour 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 an **unregistered** shareholder.

Please also refer to the Notice of Annual Meeting of Shareholders and to the sections of the Management Proxy Circular captioned “Appointment of Proxyholders and Revocation of Proxies”, “Voting of Proxyholders” and “Voting Rights, Voting Shares and Principal Holders” 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 Trust Company of Canada by telephone at (514) 982-7270 or at 1-800-663-9097 or by e-mail at the following address: caregistryinfo@computershare.com.

TABLE OF CONTENTS

| | |
|--|----|
| SOLICITATION OF PROXIES | 4 |
| APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES | 4 |
| VOTING OF PROXYHOLDERS | 4 |
| VOTING RIGHTS, VOTING SHARES AND PRINCIPAL HOLDERS..... | 4 |
| METHOD OF VOTING..... | 5 |
| RULES OF ORDER | 5 |
| PRESENTATION OF FINANCIAL STATEMENTS..... | 5 |
| AMENDMENT TO SECTION 1 OF BY-LAW IV OF THE BANK'S GENERAL BY-LAWS (NUMBER OF DIRECTORS)..... | 5 |
| ELECTION OF DIRECTORS..... | 5 |
| COMPENSATION OF DIRECTORS..... | 9 |
| EXECUTIVE OFFICERS COMPENSATION | 9 |
| 1. Variable Compensation..... | 9 |
| 2. Summary Compensation of the Named Officers..... | 12 |
| 3. Option and SAR Grants during the Last Completed Financial Year (Named Officers) | 13 |
| 4. Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers) | 13 |
| 5. Pension Fund (Named Officers)..... | 14 |
| 6. Employment Contracts and Termination of Employment..... | 14 |
| 7. Report of the Human Resources and Corporate Governance Committee..... | 15 |
| STOCK PERFORMANCE..... | 17 |
| LOANS TO EXECUTIVE OFFICERS | 17 |
| 1. Loans pursuant to a Securities Purchase Program..... | 17 |
| 2. Loans other than pursuant to a Securities Purchase Program..... | 17 |
| APPOINTMENT OF THE AUDITOR..... | 19 |
| AMENDMENT TO SECTION 7 OF BY-LAW IV OF THE BANK'S GENERAL BY-LAW (QUORUM) | 19 |
| SHAREHOLDER'S PROPOSALS | 19 |
| SUMMARY OF BOARD AND COMMITTEE MEETINGS HELD..... | 19 |
| TORONTO STOCK EXCHANGE GUIDELINES FOR EFFECTIVE GOVERNANCE | 19 |
| DIRECTORS' AND OFFICERS' LIABILITY INSURANCE..... | 20 |
| INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS | 20 |
| DIRECTORS' APPROVAL..... | 20 |
| SCHEDULE A | 21 |
| SCHEDULE B | 22 |
| SCHEDULE C..... | 23 |
| SCHEDULE D..... | 26 |
| SCHEDULE E | 32 |
| SCHEDULE F | 34 |

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation by the management of Laurentian Bank of Canada (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, and at any adjournment thereof. Solicitation of proxies will be made by mail as well as by telephone or other personal contact by employees. The Bank may also use the services of a solicitation agent, ADP Investor Communications, to solicit proxies at a cost estimated to be \$2,000; all costs thereof will be borne by the Bank. The head office of the Bank is located at 1981 McGill College Avenue, Montreal, Quebec H3A 3K3.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons proposed as proxyholders on the attached proxy form are directors of the Bank. Subject to the restrictions mentioned under "Voting Rights, Voting Shares and Principal Holders", **a registered shareholder who wishes to appoint another person to represent him at the meeting may do so by striking out the two names appearing on the proxy form and 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. 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 OF PROXYHOLDERS

All valid proxies received by the Bank, through Computershare Trust Company of Canada at the place set forth in the accompanying Notice of Meeting, prior to the close of business on March 16, 2004 will be used for purposes of voting at the meeting or any adjournment thereof in accordance with the terms of the proxy or the wishes of the shareholder as specified thereon.

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

In the exercise of their discretionary authority, the proxyholders proposed on the enclosed form of proxy intend to vote AGAINST the shareholder's proposals and FOR all other 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.

VOTING RIGHTS, VOTING SHARES AND PRINCIPAL HOLDERS

As of the date of this Circular, 23,479,395 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 "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 February 5, 2004, or their duly appointed proxyholders, will be entitled to attend or to vote at the meeting, unless shares are transferred after that date and the transferee establishes that he owns the shares and demands, at least 10 days before the meeting, that the transferee's name be included on the list of shareholders entitled to vote.

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.

METHOD OF VOTING

Under section 8 of By-law III of the General By-laws of the Bank, voting at shareholders' meetings is by show of hands unless the Chairman of the meeting or any shareholder or proxyholder entitled to vote requests a vote by ballot. Such a request may be made before or after the vote by show of hands.

RULES OF ORDER

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

PRESENTATION OF FINANCIAL STATEMENTS

The shareholders present at the meeting will receive the Bank's consolidated financial statements for the year ended October 31, 2003 (the "Financial Statements") and the auditor's report thereon. 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).

AMENDMENT TO SECTION 1 OF BY-LAW IV OF THE BANK'S GENERAL BY-LAWS (NUMBER OF DIRECTORS)

Section 1 of By-law IV of the Bank's General By-laws concerning the Board of Directors was amended by the directors on January 29, 2004 to reduce the number of directors from 15 to 13.

The special resolution confirming the amendment to Section 1 of By-law IV of the Bank's General By-laws requires approval by a two-thirds majority of the votes cast by the holders of common shares. The text of this special resolution is reproduced as Schedule A to this Circular.

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 candidates in any manner. A shareholder who has voted for more than one candidate, without any further instruction, is deemed to have distributed the votes equally among the candidates. 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 direct the Bank's activities for the ensuing year. All 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 proxy form to vote for the election of the nominees named herein unless specifically instructed on the proxy form 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 nominees for election as director, together with their principal occupation and business, their position within the Bank, the date on which they became directors of the Bank, the number of common shares and stock options of the Bank and its subsidiaries beneficially owned, directly or indirectly, or over which they exercise control or direction and the number of deferred stock units of the Bank credited.

| | | |
|---|---|---|
|  | <p>Jean Bazin, Q.C. Nuns' Island, Verdun, QC</p> <p>Director since September 1st, 2002</p> <p><u>Bank</u> Common shares: 3,245 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 2,000 Stock options: 3,500</p> | <p>Jean Bazin is Partner at Fraser Milner Casgrain LLP, Barristers and Solicitors.</p> <p>Attorney since 1965, appointed Queen's Counsel in 1984 and a member of the Senate from 1986 to 1989, Jean Bazin chaired the Canadian Bar Association in 1987-1988 and the Quebec-Japan Business Forum in 1999. Jean Bazin has sat on the Board of Directors of the Bank from 1990 to 2000. Very active within the business community and various cultural organizations, he is known for his discipline and rigour. Mr. Bazin sits on the boards of directors of various non publicly traded companies.</p> |
|  | <p>Richard Bélanger Lac-Beauport, QC</p> <p>Director since March 20, 2003</p> <p><u>Bank</u> Common shares: 5,000 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 0 Stock options: 0</p> | <p>Richard Bélanger is Senior Vice-President, Eastern Operations and Corporate Development of Canfor Corporation, a company specialized in forestry industry.</p> <p>A chartered accountant since 1980, Richard Bélanger became a member of the senior management of Canfor Corporation in 2003, following Canfor's purchase of Bois Daaquam, a company of which he was President and co-owner. His managerial qualities made him a leader in the timber industry. He is also Co-Chairman of the International Trade Committee of the Quebec Forest Industry Council and director of Stella-Jones Inc. Canfor Corporation and Stella-Jones are publicly traded companies.</p> |
|  | <p>Ève-Lyne Biron Candiac, QC</p> <p>Director since March 20, 2003</p> <p><u>Bank</u> Common shares: 2,182 Stock options: 0 Deferred stock units: 114</p> <p><u>B2B Trust</u> Common shares: 0 Stock options: 0</p> | <p>Ève-Lyne Biron is President and General Manager of Laboratoire Médical Biron Inc., a medical laboratory.</p> <p>With a masters in business administration to her credit, Ève-Lyne Biron is a young manager who aims for very concrete results and who is actively involved in her community. Her company ranked 37th of the top 100 Canadian companies directed by women in 2003 and she is a 2004 award winner of the Nouveaux Performants competition, "Entrepreneur" category. Mrs. Biron sits on the board of directors of l'Orchestre Symphonique de Longueuil and of Développement économique Longueuil. Mrs. Biron does not sit on any publicly traded company other than the Bank.</p> |
|  | <p>Ronald Corey, O.C. Westmount, QC</p> <p>Director since June 1st, 1994</p> <p><u>Bank</u> Common shares: 2,380 Stock options: 0 Deferred stock units: 4,113</p> <p><u>B2B Trust</u> Common shares: 500 Stock options: 3,500</p> | <p>Ronald Corey is President of Ronald Corey Groupe Conseil Ltée, a consulting and management company.</p> <p>Member of the Order of Canada, Ronald Corey has displayed exceptional strategic abilities and exemplary social involvement throughout his career, both as honorary president of large fund-raising campaigns and foundations, and as President and CEO of the Molson Centre or Chairman of the board of the Port of Montreal. The organizations with which he collaborates benefit greatly from his rich experience in the business world. Mr. Corey sits on the board of the following publicly traded companies: Transamerica Life Companies, Weider Nutrition International Inc., Bestar Inc. and B2B Trust, a subsidiary of the Bank.</p> |

| | | |
|---|---|--|
|  | <p>L. Denis Desautels, O.C. Ottawa, ON</p> <p>Director since December 4, 2001</p> | <p>L. Denis Desautels is Executive-in-residence, School of Management of the University of Ottawa. He is also the Chairman of the Board of the Bank.</p> |
| | <p><u>Bank</u> Common shares: 1,571 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 0 Stock options: 0</p> | <p>Fellow of the Ordre des comptables agréés du Québec and involved with a number of professional committees including the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants, L. Denis 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. He also sits on the boards of directors of Alcan Inc., Bombardier Inc., and Jean Coutu Group (PJC) Inc., which are all publicly traded companies.</p> |
|  | <p>Christiane Germain Montreal, QC</p> <p>Director since February 8, 2001</p> | <p>Christiane Germain is Copresident of Germain Group Inc., a company specialized in hotel services.</p> |
| | <p><u>Bank</u> Common shares: 1,740 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 500 Stock options: 3,500</p> | <p>Renowned for her vitality, rigour and great dedication, Christiane Germain made her mark in the restaurant and hotel sector. Her achievements earned her many awards and distinctions, and she has headed the Office du tourisme et des congrès de la Communauté urbaine de Québec, the Festival d'été de Québec and the Association des restaurateurs. Mrs. Germain sits on the board of directors of non public companies and actively participates in many fund raising campaigns, including those of Centraide and the Quebec Cystic Fibrosis Association. Mrs. Germain does not sit on any publicly traded company other than the Bank.</p> |
|  | <p>Georges Hébert Town of Mount-Royal, QC</p> <p>Director since June 5, 1990</p> | <p>Georges Hébert is President of Prosys-Tec Inc., a manufacturer of computer products.</p> |
| | <p><u>Bank</u> Common shares: 5,000 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 5,000 Stock options: 3,500</p> | <p>Georges Hébert has long been active in the transport sector. Notably he was President of Clarke Transport Inc. before acquiring, in 1988, J.A. Provost Inc., a supplier of home and commercial security systems. He sits on various boards of directors of non publicly traded companies among which is MDS Aerospace. He also sits on the Board of Directors of B2B Trust, a subsidiary of the Bank and a publicly traded company.</p> |
|  | <p>Veronica S. Maidman Toronto, ON</p> <p>Director since February 8, 2001</p> | <p>Veronica S. Maidman is Chair, Advisory Council of Equifax Canada Inc., a credit information management company.</p> |
| | <p><u>Bank</u> Common shares: 1,740 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 1,000 Stock options: 3,500</p> | <p>Veronica Maidman is an executive with outstanding strategic vision and a great capacity to meet challenges in a constantly evolving environment. Throughout the years she's worked with all levels of government concerning legislative and regulatory issues with particular emphasis on consumer privacy. She was featured in a report on the leaders of tomorrow in Canadian Business Magazine. Mrs. Maidman sits on different corporate boards of non publicly traded companies as well as the board of directors of Sunnybrook and Women's College Health Sciences Centre, recently completing her term as Vice Chair. Mrs. Maidman is also a director of B2B Trust, a subsidiary of the Bank and a publicly traded company.</p> |
|  | <p>Raymond McManus Baie d'Urfé, QC</p> <p>Director since April 25, 1988</p> | <p>Raymond McManus is President and Chief Executive Officer of the Bank.</p> |
| | <p><u>Bank</u> Common shares: 2,080 Stock options: 100,000 Deferred stock units: 1,811</p> <p><u>B2B Trust</u> Common shares: 2,000 Stock options: 53,500</p> | <p>Raymond McManus has worked in the banking industry since 1960. On the strength of the expertise he developed in corporate loans early in his career he was promoted to positions of increasing responsibility, including that of Senior Vice-President at the Mercantile Bank. He also founded Cafa Financial Corporation, a private investment bank specializing in mergers and acquisitions, corporate financing and real estate. Mr. McManus was appointed President and Chief Executive Officer of the Bank in August 2002. Mr. McManus does not sit on any publicly traded company other than the Bank and B2B Trust, a subsidiary of the Bank.</p> |

| | | |
|---|---|--|
|  | <p>Pierre Michaud , O.C. Montreal, QC</p> <p>Director since January 26, 1990</p> <p><u>Bank</u> Common shares: 15,585 Stock options: 0 Deferred stock units: 8,087</p> <p><u>B2B Trust</u> Common shares: 0 Stock options: 3,500</p> | <p>Pierre Michaud is Chairman of the Board of Provigo Inc., a distributor of food products. He also is Vice-Chairman of the Board of the Bank.</p> <p>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 board of trustees of Centraide, on the board of governors of the St. Justine Hospital Foundation and the Fondation du Centre hospitalier universitaire de Montréal (CHUM). 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., Capital d'Amérique, Société du Vieux Port de Montréal, Provigo Inc. and member of the Advisory Board of Mont-Tremblant.</p> |
|  | <p>Gordon Ritchie Ottawa, ON</p> <p>Director since March 20, 2003</p> <p><u>Bank</u> Common shares: 825 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 0 Stock options: 0</p> | <p>Gordon Ritchie is Chairman, Public Affairs of Hill & Knowlton Canada Ltd., a public policy consulting firm.</p> <p>Gordon Ritchie was one of the main architects of the Free Trade Agreement between Canada and the United States. Throughout his illustrious career within the federal public service, he focused on economic development and international trade. On leaving government, he became a business consultant and is now Chairman of Hill & Knowlton Canada. He is serving on the board of directors of Maple Leaf Foods Inc., a publicly traded company.</p> |
|  | <p>Dominic J. Taddeo Kirkland, QC</p> <p>Director since January 22, 1998</p> <p><u>Bank</u> Common shares: 3,128 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 500 Stock options: 3,500</p> | <p>Dominic J. Taddeo is President and Chief Executive Officer of Montreal Port Authority.</p> <p>A Montrealer by birth, Dominic Taddeo has dedicated most of his career to the maritime industry. Appointed President and Chief Executive Officer of the Port of Montreal in 1984, he has played a pivotal role in the economic development of Montreal. He has received many honors and merits, including Transport Personality of the Year for the Province of Quebec and awards of distinction from the Faculty of Commerce and Administration of Concordia University and the Corporation professionnelle des administrateurs agréés du Québec. He is Chairman of the board of EDICOM, a Montreal-based EDI project of strategic importance to Canada's transportation and trade community. Mr. Taddeo does not sit on any publicly traded company other than the Bank</p> |
|  | <p>Jonathan I. Wener Hampstead, QC</p> <p>Director since January 22, 1998</p> <p><u>Bank</u> Common shares: 4,221 Stock options: 0 Deferred stock units: 0</p> <p><u>B2B Trust</u> Common shares: 14,000 Stock options: 3,500</p> | <p>Jonathan I. Wener is Chairman of the Board of Canderel Management Inc., a company specializing in commercial real estate.</p> <p>A renowned expert in the real estate sector, Jonathan Wener has vast experience in the commercial, industrial, residential recreational and hotel sectors. Associated for 27 years with the success of Canderel Management, Mr. Wener contributes to the well-being of his community through his involvement in numerous professional associations and charitable organizations, including the Board of Governors of Concordia University, the Foundation of the Montreal Museum of Fine Arts, the Fondation du maire de Montréal pour la jeunesse and The Jewish General Hospital and its Foundation. Mr. Wener is a director of B2B Trust, a publicly traded company, subsidiary of the Bank.</p> |

According to paragraph 157 (2) (a) of the *Bank Act* (Canada), the Board of Directors of the Bank is required to have an Audit Committee. At the date hereof, the members of such committee are Mr. Dominic J. Taddeo (Chair), Mr. Richard Bélanger, Mrs. Ève-Lyne Biron, Mr. L. Denis Desautels and Mr. Gordon Ritchie.

All directors have held the positions shown or held management responsibilities in the same or related companies in the last five years, with the exception of Mr. Ronald Corey who, before May 2001, was corporate director and before August 1999, was President of Club de Hockey Canadien and the Molson Centre; Mr. L. Denis Desautels who, before March 2001, was Auditor General of Canada; Mr. Georges Hébert who, before July 2003, was business consultant; Mr. Raymond McManus who, before August 2002, was Chairman of the Board and Chief Executive Officer of Cafa Financial Corporation; and Mr. Gordon Ritchie who, before July 1999, was President and Chief Executive Officer of Strategico Inc.

The *Target Bonus* is established according to the hierarchical level and level of responsibility of each officer and varies from 23% of base annual salary for a vice-president to 60% in the case of the President and Chief Executive Officer of the Bank.

The *Financial Performance Factor* is based on the Bank's RCSE. For 2003, the levels of the RCSE and the corresponding Financial Performance Factors were established as follows:

| RCSE (%) | Financial Performance Factor |
|------------------|------------------------------|
| Below 10.2 | 0.00 |
| 10.2 | 0.60 |
| 10.5 | 0.68 |
| 10.7 | 0.75 |
| 11.0 | 0.83 |
| 11.3 | 0.91 |
| 11.7 | 0.99 |
| 12.0 | 1.07 |
| 12.3 | 1.15 |
| 12.7 | 1.22 |
| 13.0% and higher | 1.30 |

The *Individual Factor* applicable to each member of senior management is determined based on the degree of attainment of his or her objectives, as presented in Section 7 "*Report of the Human Resources and Corporate Governance Committee*" of this Circular, up to a maximum factor of 1.15.

In addition, a special envelope is made available to the President and Chief Executive Officer to distribute in recognition of exceptional achievements by officers.

For the financial year ending October 31, 2003, the RCSE trigger was not attained. Consequently, no bonuses were payable under the program.

However, taking into account the gain on the sale of the Ontario and Western Canada branches on October 31, 2003, a one-time special measure was approved on December 3rd, 2003 by the Human Resources and Corporate Governance Committee and the Board of Directors, allowing the payment of a special incentive to all Bank's employees eligible to the short-term incentive compensation program. This measure aims at retaining employees, including members of senior management, and at encouraging them to work towards achieving the repositioning business plan. The amount of this one-time special incentive was calculated at 60% of the target bonus under the short-term incentive compensation program described above and took into account the individual performance of all eligible employees.

Furthermore, under the terms of his employment contract, a bonus of \$125,000 was guaranteed to Mr. Jacques Daoust for the year 2003. In the case of Mr. Robitaille, part of the amount disclosed as a bonus for 2003 is related to the bonus calculated under the incentive plan that specifically applies to the Senior Vice-President and Treasurer, the position he held for most of the last financial year.

Bonuses paid to the Named Officers in the last financial year are shown in Table 2 "*Summary Compensation Table of the Named Officers*".

(b) Long-term Incentive Compensation

(i) Laurentian Bank Phantom Share Plan

The Human Resources Committee approved the establishment of a long-term incentive plan for officers who are members of the Planning Committee and other members of management designated by the Committee. This plan came into force on December 2, 1994.

The Phantom Share Plan allows eligible officers to benefit from the appreciation of common shares of the Bank. Under the plan, SARs are granted on the basis of the market value of a common share of the Bank at the time of grant, such value being established as the arithmetic average of the weighted average trading prices of the shares negotiated at the Toronto Stock Exchange on the five days preceding the grant on which shares were negotiated. SARs are granted at the Committee's discretion. The appreciation is calculated on the basis of the closing price of the Bank's share on the day preceding the exercise. The SARs become vested in 25% installments beginning on the second anniversary of the date of granting, and may be held for a maximum of

10 years. The plan provides for the full vesting of all SARs following a change of control of the Bank. The appreciation is paid in cash. The holders of SARs have no shareholder rights. Certain other terms and conditions apply.

The Phantom Share Plan is administered by the Human Resources and Corporate Governance Committee.

During the 2003 financial year, no SARs were granted under the plan. Detailed information concerning SAR exercises by the Named Officers is shown in Table 4 "*Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers)*".

(ii) *Laurentian Bank Stock Option Purchase Plan*

The creation of the Laurentian Bank Stock Option Purchase Plan was approved by the shareholders at the 1992 annual meeting. This plan came into force on June 1, 1992. It is also administered by the Human Resources and Corporate Governance Committee.

The Committee grants options to purchase common shares to designated members of the Bank's senior management. Options are granted at the Committee's discretion.

The options allow the purchase of common shares at a price equal to the market value of the shares at the time of the grant, such value being established as the arithmetic average of the weighted average trading prices of the shares negotiated at the Toronto Stock Exchange on the five days preceding the grant on which shares were negotiated.

The options have a 10-year term but may only be exercised after a waiting period: no option may be exercised in the year following the grant, 25% may be exercised beginning on the first anniversary of the grant, 50% beginning on the second, 75% beginning on the third and the entirety beginning on the fourth anniversary of the grant. The plan provides for the full vesting of all options following a change of control of the Bank. Certain other terms and conditions apply.

During the 2003 financial year, no options were granted under the plan. Detailed information concerning option exercises by the Named Officers is shown in Table 4 "*Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers)*".

(iii) *B2B Trust Stock Option Plan*

On May 25, 2001, the Human Resources and Corporate Governance Committee of B2B Trust approved a long-term incentive plan for executive officers and directors of B2B Trust. This plan also applies to certain providers of services to B2B Trust, namely employees and directors of the Bank designated by the Committee (except that such directors could only obtain one grant of options at the time of the initial public offering).

The maximum number of common shares of B2B Trust reserved for purposes of issuance of options under the plan is 1,845,035, representing 10% of all issued and outstanding shares of B2B Trust as at May 25, 2001.

Options are granted at the discretion of the Committee. Options allow the purchase of common shares of B2B Trust at a price being no less than the shares' market value at the time of grant, defined as being either of (i) the arithmetic average of the weighted average trading prices of the shares negotiated at the Toronto Stock Exchange on the five days preceding the grant on which shares were negotiated or (ii) in the case of initial grants, the offering price of the shares under the initial public offering, being \$9.00.

The options have a 10-year term but may only be exercised after a waiting period: no option may be exercised in the two years following the grant, 33 1/3% may be exercised beginning on the second anniversary of the grant, 66 2/3% beginning on the third, and the entirety beginning on the fourth anniversary of the grant. The plan provides for the full vesting of all options following a change of control of the Bank or of B2B Trust. Certain other terms and conditions apply.

During the 2003 financial year, the Committee granted a total of 45,000 options to six members of the Management Committee of B2B Trust under the plan. None of the Named Officers received B2B Trust stock options. Detailed information concerning option exercises by the Named Officers is shown in Table 4 "*Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers)*".

(iv) *BLC-Edmond de Rothschild Asset Management Inc. ("BLCER") Stock Appreciation Rights Plan*

The Human Resources Committee of the Board of Directors of BLCER (a subsidiary of the Bank) approved the creation of a long-term incentive plan for designated members of management of BLCER. This plan came into force on January 1st, 2002. No SARs may be granted under this plan after December 31, 2004.

The Committee may grant SARs only up to an amount representing in the aggregate at any given time 15% of the number of issued and outstanding shares of BLCER. The number of SARs and the time of their granting are at the Committee's discretion. SARs allow a participant to receive a cash amount equal to the appreciation of the same number of common shares of BLCER. The value of a SAR is equal to the value of a common share of BLCER as at the date of the evaluation of the net value of BLCER's assets, which immediately precedes the date of granting of the SARs. In the case of the initial grant, the value of SARs was set at \$8.10. The appreciation is equal to the amount by which the value of a common share on the day preceding the exercise of a SAR, as determined in accordance with the terms of the plan, exceeds the value of a common share at the time such SAR was granted. The SARs become vested in one-third installments beginning on the first anniversary of the date of granting. The plan provides for the full vesting of all SARs following a change of control of BLCER or of a shareholder holding more than 50% of issued and outstanding shares of BLCER. The holders of SARs have no shareholder rights. Certain other terms and conditions apply.

During the 2003 financial year, no SARs were granted to the Named Officers under the plan. Detailed information concerning SAR exercises by the Named Officers is shown in Table 4 "Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers)".

2. Summary Compensation of the Named Officers

The following table sets forth information concerning the total compensation during the last three financial years of the President and Chief Executive Officer of the Bank and of the four other named executive officers who received, during the last financial year, the highest total annual salary and short term bonus (referred to as "Named Officers").

Summary Compensation Table of the Named Officers

| Name and Principal Position | Year | Annual Compensation | | | Long-Term Compensation | | | All Other Compensation (\$) (Note 6) |
|---|------|---------------------|------------------------|--|---|--|--------------------------------------|---|
| | | Salary (\$) | Bonus (\$) (Note 3) | Other Annual Compensation (\$) (Note 4) | Awards | | Long Term Incentive Plan Payout (\$) | |
| | | | | | Securities Under Options/SARs Granted (#) (Note 5) | Restricted Shares or Restricted Share Units (\$) | | |
| Raymond McManus President and Chief Executive Officer (Note 1) | 2003 | 500,000 | 200,000 | 0 | 0 / 0 | 0 | 0 | 4,082 |
| | 2002 | 125,000 | 0 | 75,900 | 150,000 / 0 | 0 | 0 | 950 |
| Jacques Daoust President and Chief Executive Officer BLC-Edmond de Rothschild Asset Management Inc. | 2003 | 275,000 | 125,000 | 50,000 | 0 / 0 | 0 | 0 | 8,945 |
| | 2002 | 275,000 | 125,000 | 50,000 | 0 / 125,000 | 0 | 0 | 7,476 |
| | 2001 | 239,150 | 150,000 | 0 | 20,000 / 0 | 0 | 0 | 9,308 |
| Robert Cardinal Senior Executive Vice-President and Chief Financial Officer | 2003 | 245,000 | 100,000 | 0 | 0 / 0 | 0 | 0 | 9,260 |
| | 2002 | 245,000 | 0 | 0 | 0 / 0 | 0 | 0 | 9,210 |
| | 2001 | 230,800 | 150,000 | 0 | 50,000 / 0 | 0 | 0 | 11,015 |
| André Dubuc Senior Executive Vice-President, Treasury, Capital Markets, Wealth Management and Brokerage | 2003 | 245,000 | 100,000 | 0 | 0 / 0 | 0 | 0 | 8,040 |
| | 2002 | 245,000 | 0 | 0 | 0 / 0 | 0 | 0 | 8,050 |
| | 2001 | 235,000 | 200,000 | 0 | 35,000 / 0 | 0 | 0 | 12,062 |
| Réjean Robitaille Executive Vice-President, Retail Financial Services (Note 2) | 2003 | 160,625 | 100,000 | 0 | 0 / 0 | 0 | 0 | 7,305 |
| | 2002 | 140,000 | 140,000 | 0 | 0 / 800 | 0 | 0 | 6,115 |
| | 2001 | 125,000 | 125,000 | 0 | 5,000 / 0 | 0 | 0 | 6,390 |

- Note 1: Mr. McManus became President and Chief Executive Officer of the Bank on August 1st, 2002.
- Note 2: Mr. Robitaille became Executive Vice-President, Retail Financial Services on June 16th 2003; for the previous part of the financial year and in 2001 and 2002 he occupied the function of Senior Vice-President and Treasurer.
- Note 3: Under the terms of the employment contract entered into at the time of his nomination, a minimum bonus of \$125,000 was guaranteed to Mr. Daoust for the 2002 and 2003 financial years. In the case of Mr. Robitaille, the 2001 and 2002 bonuses were paid under the specific bonus plan applicable to Treasury specialists; for the year 2003, the amount disclosed represents the total of the bonus under that specific plan and under the special incentive as Executive Vice-President, Retail Financial Services.
- Note 4: The total value of benefits (or perks) and interest rebate did not exceed \$50,000 or 10% of salary and bonus. In the case of Mr. McManus, the amount for 2002 represents compensation related to time spent taking cognizance of Bank affairs prior to his commencing employment with the Bank and compensation as director of the Bank prior to his nomination as President and Chief Executive Officer. In the case of Mr. Daoust, the amounts represents lump sums guaranteed under the terms of the employment contract entered into at the time of his nomination at his current position, namely \$25,000 for his participation on the Board of Directors of LCF Rothschild Asset Management, an affiliate of the minority shareholder of BLCER (paid by such minority shareholder) and \$25,000 for his role as chairman of the Board of Directors of Laurentian Bank Securities Inc. ("LBS") for part of the financial year (paid by LBS).
- Note 5: In the case of Mr. McManus, 100,000 options were granted under the Bank's Stock Option Purchase Plan and 50,000 options were granted under B2B Trust's Stock Option Plan in 2002. In the case of Mr. Daoust, 125,000 SARs were granted under BLCER's Stock Appreciation Rights Plan in 2002 and 20,000 options were granted under B2B Trust's Stock Option Plan in 2001. In the case of Mr. Cardinal, 50,000 options were granted under B2B Trust's Stock Option Plan in 2001. In the case of Mr. Dubuc, 35,000 options were granted under B2B Trust's Stock Option Plan in 2001. In the case of Mr. Robitaille, 800 SARs were granted under the Bank's Phantom Share Plan in 2002 and 5,000 options were granted under B2B Trust's Stock Option Plan in 2001.
- Note 6: These amounts are mainly related to group insurance premiums.

3. Option and SAR Grants during the Last Completed Financial Year (Named Officers)

No options or SARs were granted to the Named Officers during the last completed financial year.

4. Aggregated Option and SAR Exercises during the Last Completed Financial Year (Named Officers)

| Name | 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) |
|--------------------------------------|-------------------------------------|-------------------------------|--|---|
| Bank Option and SAR Exercises | | | | |
| Raymond McManus | 0 | 0 | 25,000 / 75,000 | 0 / 0 |
| Jacques Daoust | 0 | 0 | 67,955 / 8,295 | 181,494 / 42,224 |
| Robert Cardinal | 0 | 0 | 25,772 / 5,808 | 44,390 / 30,310 |
| André Dubuc | 0 | 0 | 67,098 / 7,664 | 152,200 / 42,395 |
| Réjean Robitaille | 0 | 0 | 4,307 / 1,734 | 14,494 / 2,833 |
| B2B Trust Option Exercises | | | | |
| Raymond McManus (Note 1) | 0 | 0 | 1,167 / 52,333 | 0 / 0 |
| Jacques Daoust | 0 | 0 | 6,667 / 13,333 | 0 / 0 |
| Robert Cardinal | 0 | 0 | 16,667 / 33,333 | 0 / 0 |
| André Dubuc | 0 | 0 | 11,667 / 23,333 | 0 / 0 |
| Réjean Robitaille | 0 | 0 | 1,667 / 3,333 | 0 / 0 |
| BLCER SAR Exercises | | | | |
| Jacques Daoust | 0 | 0 | 41,667 / 83,333 | 43,750 / 87,500 |

Note 1: Mr. McManus received 3,500 options under the B2B Trust Stock Option Plan as director of the Bank prior to his nomination as President and Chief Executive Officer.

Note 2: Bank option and SAR exercises: the amounts indicated are based on a price of \$27.75 on October 31, 2003. B2B Trust option exercises: the amounts indicated are based on a price of \$8.00 on October 31, 2003. BLCER SAR exercises: the amounts indicated are based on a price of \$9.15 on October 31, 2003.

5. Pension Fund (Named Officers)

Mr. Raymond McManus was named President and Chief Executive Officer on August 1st, 2002. He participates in the Pension Plan for the Senior Officers of Laurentian Bank and its subsidiaries (the "Officers' Plan"). Furthermore, he entered into a special retirement agreement at the time of his hire. Under this agreement, Mr. McManus' normal retirement age is 65 and his normal retirement pension is equal to \$200,000 per year, less amounts paid under the Officers' Plan. An early retirement pension may be paid without penalty starting at age 63. If Mr. McManus retires before he reaches age 63, the early retirement pension will be equal to \$150,000 per year, less amounts paid under the Officers' Plan. Special provisions apply in the event of termination following a change of control of the Bank. Mr. McManus will reach normal retirement age in January 2007.

The other Named Officers are members of the Officers' Plan and the Supplemental Pension Plan for Members of the Executive Management of Laurentian Bank (the "Supplemental Plan"). Under these plans, they are entitled to receive, for each year of service, a pension of 2% of their average base salary for their best five consecutive years of service. The Human Resources and Corporate Governance Committee may also approve an increase to a pension in special cases. Normal retirement age is set at age 65. The beneficiaries may retire without penalty at age 60 and may take early retirement beginning at age 53 with a penalty ranging from 35% at age 53 to 0% at age 60.

The following table applies to the Named Officers other than the President and Chief Executive Officer.

Pension Plan Table
Officers' Plan and Supplemental Plan

| Average base salary (\$) | Years of service | | | | |
|--------------------------|------------------|---------|---------|---------|---------|
| | 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 |

At the age of 60, Mr. Jacques Daoust shall have cumulated 19.7 years of service, Mr. Robert Cardinal, 20.9 years of service, Mr. André Dubuc, 10.8 years of service and Mr. Réjean Robitaille, 31.7 years of service.

6. Employment Contracts and Termination of Employment

The Named 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 Officer with the Bank, namely August 1st, 2002 in the case of Mr. McManus, April 13, 1998 in the case of Mr. Daoust, February 25, 1991 in the case of Mr. Cardinal, February 23, 1998 in the case of Mr. Dubuc and July 11, 1988 in the case of Mr. Robitaille, and have been amended when necessary. All agreements are for an indefinite term. Material information concerning the compensation of the Named Officers is shown in Table 2 "*Summary Compensation Table of the Named Officers*". The agreement of Mr. McManus provides for an indemnity of two years' 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.

Messrs. Daoust, Cardinal, Dubuc and Robitaille are subject to an indemnity plan under which they are entitled to an indemnity of 18 months' base salary plus the average of short-term bonuses paid during the three year preceding employment termination if their employment is terminated in the year following a change of control of the Bank (or, in the case of Mr. Daoust, a change of control of BLCER). Specific provisions dealing with the effect of employment termination on pension and other benefits are included in the indemnity plan.

Furthermore, in the event of a change of control of the Bank (or, in the case of Mr. Daoust, a change of control of BLCER), all options and SARs theretofore granted to the Named Officers would immediately become vested.

All of the Named Officers are subject to confidentiality obligations which are not limited in time.

7. Report of the Human Resources and Corporate Governance Committee

The members of the Bank's Human Resources and Corporate Governance Committee are Messrs. Pierre Michaud (Chair), Ronald Corey, L. Denis Desautels et Mrs. Christiane Germain. During the last financial year, the Committee held 12 meetings.

The President and Chief Executive Officer of the Bank is invited to the Committee's meetings but he does not take part in the Committee's deliberations when his situation is under consideration.

The Human Resources and Corporate Governance Committee evaluates the performance and establishes the compensation of the Bank's President and Chief Executive Officer (in consultation with the Board of Directors) and of executive officers and advises the board of directors of certain Bank subsidiaries on matters of compensation policy. The Committee reports to the Board of Directors of the Bank. Mr. Daoust's compensation is ultimately approved by the Human Resources Committee of BLCER, whose members are Messrs. Michel Cicurel and Raymond McManus.

In discharging its responsibilities, the Committee has adopted a policy of global compensation, with the following components:

- a) a base salary sufficient to attract candidates of first rank;
- b) a short-term bonus plan constituting a substantial proportion of salary, linked to achievement of specified annual objectives;
- c) a long-term incentive plan favoring retention of key officers for a number of years;
- d) personal benefits, a group insurance plan and a pension plan comparable to market;
- e) a protection plan in case of change of control.

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. Furthermore, internal advisory services conduct an annual analysis of market data.

Base Salary

The Committee reviews the base salary of the Bank's officers on a yearly basis, taking into consideration their responsibilities and performance.

Short-term Incentive Compensation

In applying its compensation policy, the Committee favours a spirit of teamwork in the management of the Bank. With a view to foster co-operation between officers, one of the purposes of the annual program of short-term incentive compensation for officers is to incite synergy among the various business sectors of the Bank. The Bank's profitability is measured against the results of the large Canadian banks when establishing the targets for the Financial Performance Factor of the short-term incentive compensation program, thus encouraging officers to have a global view of the business. To establish the Individual Factor, each member of senior management agrees at the beginning of the year with the President and Chief Executive Officer on objectives for his area. 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 compensation are then discussed and a decision is made by the Committee. The Committee ensures that short-term incentive compensation is applied on the basis of established criteria. The Committee does, however, have authority to adjust compensation if warranted by particular circumstances. Further details on the Bank's short-term incentive compensation program can be found in Section 1 "*Variable Compensation*" of this Circular.

Long-term Incentive Compensation

The purpose of the Bank's long-term incentive compensation programs is to link compensation with the increase in value of the Bank's shares and thereby associate the interests of senior management to those of the shareholders. This part of total compensation is therefore directly related to the Bank's financial results. Subject to the terms and conditions of the plan, the granting of stock options or SARs are at the Committee's discretion, generally taking into account the financial situation of the Bank at the time of the grant. The amount and terms of outstanding options and

SARs are also taken into account when deciding whether and how many new grants are to be made. Further details on the Bank's long-term incentive compensation programs can be found in Section 1 "*Variable Compensation*" of this Circular.

Total Compensation

The Committee ensures that short-term and long-term compensation programs are balanced with a view to furthering the objectives described above. Although some executive compensation programs will be under review during the next financial year and the relative proportion of the various compensation elements may vary slightly, the total compensation policy currently in effect puts more relative emphasis on long-term incentive compensation compared to short-term incentive compensation the higher the hierarchical level of the officer. For example, approximately 35% of a vice-president's incentive compensation is related to long-term compensation schemes while the percentage increases to around 50% in the case of the President and Chief Executive Officer.

Compensation of the President and Chief Executive Officer

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. The Committee also ensures that his short-term incentive compensation is based on specific criteria defined in advance, as it is for all officers of the Bank. At the end of each financial year, the President and Chief Executive Officer reports to the Committee on his achievements, and the Committee evaluates, in consultation with the Board of Directors, his global performance based on the attainment of his objectives. Based on this evaluation and the market studies, the Committee establishes the President's base salary and variable compensation.

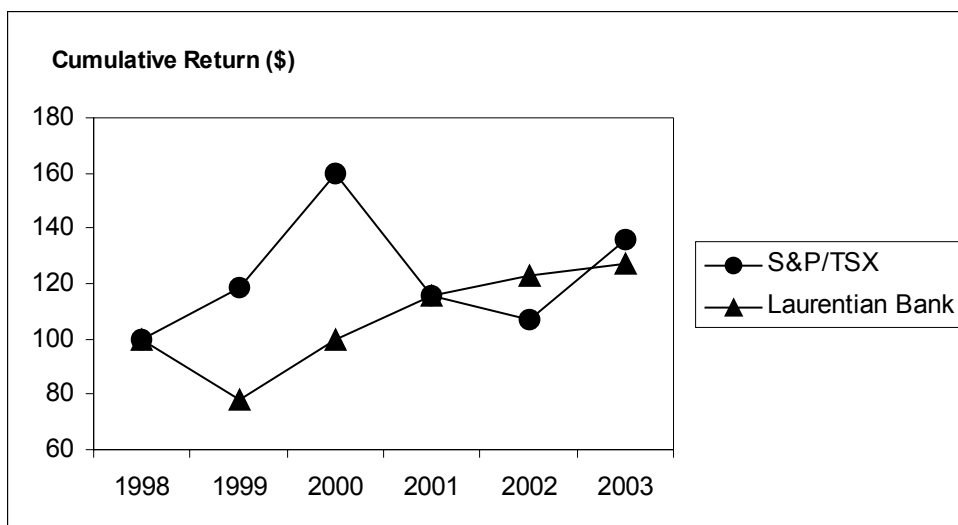
For the 2003 financial year, an evaluation of Mr. Raymond McManus' performance was conducted and based on his accomplishments (namely the sale of the Ontario and Western Canada branches, the reduction of the size of the Management Committee and other changes to the Bank's management structure as part of an action plan, his role in negotiating with the union representing certain of the Bank's employees), he was awarded a special incentive bonus of \$200,000. His hiring base salary was set at \$500,000 in August 2002 and was maintained at that level for 2003. This is below the average compensation in the reference market, comprising mostly other Canadian financial institutions. No additional long-term awards were granted in 2003.

SUBMITTED BY:

Pierre Michaud, Chair
Ronald Corey
L. Denis Desautels
Christiane Germain

STOCK PERFORMANCE

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Bank on October 31, 1998, 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 financial years.



| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-----------------|----------|----------|----------|----------|----------|----------|
| S&P/TSX | \$100.00 | \$118.75 | \$159.61 | \$115.77 | \$106.88 | \$135.57 |
| Laurentian Bank | \$100.00 | \$78.23 | \$99.86 | \$115.87 | \$123.17 | \$127.09 |

LOANS TO EXECUTIVE OFFICERS

1. Loans pursuant to a Securities Purchase Program

As at January 20, 2004, the total of loans granted by the Bank and its subsidiaries to the directors, executive officers and employees of the Bank and its subsidiaries under a Securities Purchase Program amounted to \$700,346. These loans do not bear interest but constitute a taxable benefit for the borrower. The shares bought through this plan are purchased at market price and the loan must be repaid within three years. Such loans are routine indebtedness as defined hereinafter.

2. Loans other than pursuant to a Securities Purchase Program

As at January 20, 2004, the total of loans granted by the Bank and its subsidiaries to the directors, executive officers and employees of the Bank and its subsidiaries, other than to buy shares of the Bank or its subsidiaries under a Securities Purchase Program, amounted to \$96,883,678.

The following table represents the outstanding amounts that directors, executive officers and their associates borrowed from the Bank or its subsidiaries for reasons other than to buy shares of the Bank or its subsidiaries under a Securities Purchase Program.

Table of Indebtedness of Directors and Executive Officers other than under a Securities Purchase Program
(See note thereafter)

| Name and Principal Position | Involvement of Issuer or Subsidiary | Largest Amount Outstanding during FY ended October 31, 2003 (\$) | Amount Outstanding as at January 20, 2004 (\$) |
|---|-------------------------------------|--|--|
| Robert Cardinal Senior Executive Vice-President and Chief Financial Officer (1) | Loan made by the Bank | 278,217 | 41,176 |
| François Desjardins Vice-President, Direct Financial Services (2) | Loan made by the Bank | 178,000 | 174,000 |
| Jean-François Doyon Vice-President, Audit (3) | Loan made by the Bank | 30,379 | 12,394 |
| Richard Fabre Vice-President, Retail Financial Services and Private Banking, North Shore, Downtown Montreal and West of Quebec (4) | Loan made by the Bank | 305,081 | 302,030 |
| Luc Gingras Vice-President, Retail Financial Services, Indirect Sales Network (5) | Loans made by the Bank | 54,268 | 52,529 |
| Claude Sasseville Vice-President, Retail Financial Services, East of Montreal and South Shore (6) | Loans made by the Bank | 59,702 | 39,505 |
| Marie-Josée Sigouin Senior Vice-President, Human Resources (7) | Loan made by the Bank | 147,782 | 124,689 |
| Former Executive Officers | | | |
| William Galbraith Vice-President, Corporate Banking, Ontario and Western Canada Region (8) | Loan made by the Bank | 139,132 | 135,116 |
| Richard Guay Senior Executive Vice-President, Retail and Commercial Financial Services (9) | Loans made by the Bank | 117,893 | 25,883 |
| Suzanne Masson Executive Vice-President, Human Resources, Corporate Affairs and Secretary (10) | Loans made by the Bank | 31,212 | 7,064 |
| Michael Murray Vice-President, Planning and Investors Relations (11) | Loan made by the Bank | 72,000 | 68,500 |
| Michel Pelletier Executive Vice-President, Agency Banking (12) | Loan made by the Bank | 43,770 | 9,118 |
| Robert Teasdale Senior Vice-President, Retail Financial Services, Ontario and Western Canada (13) | Loans made by the Bank | 127,353 | 107,113 |

- (1) Line of credit for investment at prime rate + 0.5%
- (2) Mortgage loan on residence, interest rate at 5.30%
- (3) Personal loan, interest rate at 5.25%
- (4) Mortgage loan on residence, interest rates at 6.85% for the first \$193,800 and 6.50% for the remaining \$108,200
- (5) Lines of credit at prime rate + 1%, + 1.5% and + 2%
- (6) Lines of credit, interest rate at 6.25% and prime rate + 1.5%; personal loans, interest rate at 6 3/8% and 10%
- (7) Mortgage loan on residence, interest rate at 5.6%
- (8) Mortgage loan on residence, interest rate at 6.96%
- (9) Line of credit at prime rate + 0.5%; personal loan, interest rate at 10%
- (10) Lines of credit at prime rate + 1%
- (11) Mortgage loan on secondary residence, interest rate at 6.9%
- (12) Line of credit at prime rate + 2%
- (13) Lines of credit at prime rate + 1%

Note: The amounts do not include routine indebtedness as defined by Canadian securities legislation. Routine indebtedness includes (i) loans to employees, and loans of up to \$25,000 to directors and executive officers, made on terms no more favourable than those made to employees generally; (ii) loans to directors and executive officers who are full-time employees, if these loans are fully secured by their residence and are not greater than their annual salary; and (iii) loans to people or companies other than full-time employees if they are made on substantially the same terms as available to other customers with comparable credit ratings and involve no more than usual risks of collectibility.

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 auditor is to be appointed by vote of the holders of common shares at the annual meeting to serve as auditor of the Bank until the close of the next annual meeting of shareholders.

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 LLP has acted as auditor of the Bank, either alone or in conjunction with another firm, continuously since 1990.

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 financial year ended October 31, 2003, the fees paid by the Bank to the firm of accountants Ernst & Young LLP for the audit services rendered to the Bank and its subsidiaries amounted to \$1,697,095. The fees paid to this same accounting firm for audit-related services, such as those relating to financial, accounting or taxation compliance, amounted to \$559,190.

AMENDMENT TO SECTION 7 OF BY-LAW IV OF THE BANK'S GENERAL BY-LAW (QUORUM)

Section 7 of By-law IV of the Bank's General By-laws concerning the Board of Directors was amended by the directors on January 29, 2004 to provide that the quorum of 8 directors in office be changed to a quorum of the majority of the directors in office.

The resolution confirming the amendment to Section 7 of By-law IV of the Bank's General By-laws requires approval by a majority of the votes cast by the holders of common shares. The text of this resolution is reproduced as Schedule B to this Circular.

SHAREHOLDER'S PROPOSALS

The Secretary of the Bank has received from a shareholder entitled to vote at the meeting a notice of its intent to present five proposals before the meeting. The shareholder is The Association for the Protection of Quebec Savers and Investors Inc. (APEIQ), of 425 de Maisonneuve Blvd. West, Suite 1002, Montreal, Quebec H3A 3G5.

Schedule C hereto contains the text of these proposals, the related declarations by the shareholder and the recommendations of the Board of Directors of the Bank.

If these proposals come before the meeting, the proxyholders proposed on the enclosed proxy form will vote AGAINST the five proposals, except where other instructions are indicated on the proxy forms, in which case the proxyholders will vote as instructed.

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 December 17, 2004.

SUMMARY OF BOARD AND COMMITTEE MEETINGS HELD

Schedule F hereto presents a summary of the record of attendance of directors at meetings of the Board of Directors of the Bank and committees of the Board for the financial year ended on October 31, 2003. There were 17 meetings of the Board of Directors held during said period.

TORONTO STOCK EXCHANGE GUIDELINES FOR EFFECTIVE GOVERNANCE

Under the rules of the Toronto Stock Exchange, the Bank is required to disclose information relating to its system of corporate governance. The Bank's disclosure is set out in Schedule D to this Circular.

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, 2004, is \$100,000,000. The deductible is \$1,000,000 per event. The yearly premium is \$918,901.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

In the last financial year, the Bank did not make any transaction which materially affected the Bank or one of its subsidiaries with a director, a proposed nominee for election as director, an officer, a corporation controlled by a director or an officer or a person related to a director, officer or corporation controlled by a director or officer.

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 notice of the annual 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', enclosed within a large, loopy oval shape.

Lorraine Pilon
Secretary

Montreal, Quebec, January 29, 2004

SCHEDULE A

Special Resolution

BE IT RESOLVED AS A SPECIAL RESOLUTION that Section 1 of By-law IV of the Bank's General By-laws be amended and replaced by the following:

"BY LAW IV BOARD OF DIRECTORS

1. Number of Directors

The Board of directors shall consist of 13 directors of whom at least three-quarters shall be Canadian citizens ordinarily residing in Canada.

The directors may, at any time, appoint a director to fill any vacancy existing when the number of directors is less than the number of directors determined by the by-laws."

SCHEDULE B

Resolution

BE IT RESOLVED that Section 7 of By-law IV of the Bank's General By-laws be amended and replaced by the following:

"BY LAW IV
BOARD OF DIRECTORS

7. Quorum

The majority of directors in office shall constitute a quorum.

Business to be submitted at any meeting of directors shall be decided by the majority vote of the directors present."

SCHEDULE C

Shareholder's Proposals

The Association for the Protection of Quebec Savers and Investors of 425 de Maisonneuve Blvd. West, suite 1002, Montreal, Quebec H3A 3G5, has presented five proposals. These proposals and supporting comments (translated from French into English) are set out verbatim below.

PROPOSAL No. 1: By-law prohibiting the chief executive officer from sitting on the board of directors of another corporation listed on a stock exchange

It is proposed that the corporation adopt a by-law prohibiting the chief executive officer from sitting on the board of directors of another unrelated corporation listed on a stock exchange.

The position of chief executive officer is the most important position in a business corporation. It is therefore normal that the holder of such position devotes most of his time, energy and abilities to the development of the corporation. Furthermore, the substantial compensation attached to that position should convince the chief executive officer to restrict his commitments to third parties. The alleged advantages of the business relationships which often serve to justify participation of the chief executive officer on boards of other corporations are not endangered because such relationships can be developed, and are in fact developed, in many other ways. We wish that the chief executive officer, by devoting himself exclusively to the affairs of the corporation and by refraining from sitting on boards of directors of unrelated corporations listed on a stock exchange, avoids having his management unduly influenced by factors unrelated to the business.

Recommendation of the Board of Directors:

The President and Chief Executive Officer of the Bank does not currently sit on any boards of directors other than those of the Bank and its subsidiaries. The Board of Directors of the Bank has established a Nominations and Appointments to External Directorates Policy which sets a strict framework within which the Bank's officers can sit on boards of directors of corporations that are unrelated to the Bank. This policy provides that any employee of the Bank who wishes to be appointed as a director of another company must obtain authorization under the Bank's Code of Ethics and must meet certain requirements, the most important of which being that his participation must not (i) affect his performance at work, (ii) create a conflict of interest with the Bank, or (iii) prevent him from using his own judgement in discharging his duties and responsibilities. Furthermore, certain members of the boards of directors of the Bank and B2B Trust are also president or senior officers of other corporations. If such a by-law were to be adopted by all corporations, the Bank and B2B Trust would be deprived of the contribution of many directors having an expertise similar to that of the President and Chief Executive Officer of the Bank. The Bank does not believe that adopting by-laws that it would not want to see adopted by other corporations would be to its benefit.

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

PROPOSAL No. 2: Disclosure of the boards of directors on which the nominees for election as directors have participated

It is proposed that the corporation disclose, in its management proxy circular, all the boards of directors on which the nominees for election as directors are participating or have participated during the last five years.

The independence of a board of directors is the best guarantee of good corporate governance. Shareholders are entitled to demand better information on the members of the board of directors of a corporation in which they invest. They do not wish to satisfy themselves with a brief overview of the main positions previously occupied by the nominees for election as directors. Under the principle of transparency, investors should be able to know the career path of a person whose role is to represent them on the board of directors. Investors want to be able to form a solid opinion of the board of directors and analyze possible sources of conflicts of interest. The independence of the members of the board of directors is central to the current corporate governance reform. Shareholders should be allowed to verify the degree of independence of a board of directors, particularly since they are called upon to appoint their members. Shareholders have the right to complete and accurate information in order to determine their level of confidence in a board of directors.

Recommendation of the Board of Directors:

In compliance with regulatory requirements, the Management Proxy Circular already contains information on the nominees for election as directors, including their *principal* current occupation and the *principal* positions that they have held in the previous five years. This year, the Circular contains more detailed information on the nominees' experience. This information enables shareholders to have a succinct overview of the qualifications and relevant experience of the nominees. The Bank considers that listing *all* of the nominees occupations, including all boards of directors on which they may have sat over the years, would only dilute important information. It is also unlikely that such additional information would enable shareholders to "analyze possible sources of conflicts of interest". In any event, such conflicts of interest are adequately settled by regulatory requirements (including those provided in the Bank Act) and by the Bank's policies.

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

PROPOSAL No. 3: Disclosure of the severance indemnity provisions for senior officers

It is proposed that the corporation disclose, in its management proxy circular, in addition to the program of senior executive compensation, the termination clauses and the circumstances and conditions justifying the indemnities provided.

For a number of years now, the compensation of senior executives is the centre of attention of many debates on good corporate governance. Investors have been scandalized by a number of excesses concerning compensation and severance indemnities in recent months. These unpleasant surprises have caused much embarrassment and even resulted in litigation for the corporations concerned. It has become apparent that there is definitely a problem regarding the discrepancy between the performance of senior officers and their corporation and executive compensation and bonuses. The Senate Committee on Banking, Trade and Commerce specifically mentioned in its June 2003 report that "a fundamental cause of unethical corporate behaviour is excessive executive compensation" (p. 60). It is essential that shareholders be able to make a clear opinion on all the parameters of the compensation program. Publication of detailed information will enable shareholders to assess the relation between the compensation of senior officers and the performance of the corporation and will help restore investor confidence in the corporations' senior management.

Recommendation of the Board of Directors:

In compliance with regulatory requirements, the Management Proxy Circular already contains considerable information on the main provisions of the Named Officer's employment contracts, including those dealing with severance payments, if applicable. The Bank therefore considers that this shareholder's proposal is without object since the requested information is already provided in the Circular. In most cases, however, the employment contracts of the Bank's senior officers do not provide for severance payments, except in the event of a change of control of the Bank. If the Bank must terminate the employment of a senior officer whose employment contract does not provide for severance payments, it will establish the amount of severance based on an evaluation by specialists of what constitutes a reasonable and appropriate indemnity with regard to the officer's position and the circumstances of termination.

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

PROPOSITION No. 4: Disclosure of the value of the pension of the senior officers

It is proposed that the corporation disclose the total value of the pension granted to each of its principal senior officers as well as the related annual costs and report any actuarial deficit associated with such plans.

Pension plans are one aspect of the aggregate compensation of senior officers which is growing in importance. Excessive increases in this area as in the area of stock options have been observed in recent years. As pension plans represent a major long-term commitment of corporations, it is not enough to mention the annual value of the pension and other benefits that will be granted to senior officers at retirement. Shareholders should be able to assess the total value of pension benefits granted by the corporation to each of its senior officers and the cost of such benefits to the corporation. This information is highly relevant since it will allow shareholders to put the benefits granted to retiring senior officers into perspective with their past compensation, their length of

service and their contribution to the success of the corporation. Investors will thus be able to assess the competence of the compensation committee and of the board of directors as a whole in this regard.

Recommendation of the Board of Directors:

In compliance with regulatory requirements, the Management Proxy Circular contains considerable information on the Bank's senior officers, including the estimated pension amounts payable upon the retirement of the Named Officers. The Bank considers that these requirements are particularly detailed and that the Bank's disclosure complies with them. Furthermore, although the compensation of senior officers is directly related to their contribution to the Bank's success, pension amounts are related to the length of their employment and to their compensation, as more fully explained in the Circular. The information presented in the Circular already enables shareholders to assess the amounts paid as pension in relation to these two criteria. Further disclosure of a "total value of the pension" or of "related annual costs" would be of no use to shareholders if these two concepts are not defined by regulation in order to be clearly understood by issuers and shareholders alike. For further information on pension plans, the Bank refers shareholders to the Management Proxy Circular as well as to the Bank's annual financial statements.

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

PROPOSITION No. 5: By-law requiring disclosure by senior officers ten days prior to transactions in the corporation's securities

It is proposed that the corporation adopt a by-law requiring senior officers and any other insider to give a ten calendar day public notice before trading in the securities of the corporation, including the exercise of stock options.

Members of the senior management and the board of directors of a corporation hold privileged information on its financial position and its short- and mid-term perspectives. Their trading in the corporation's securities is likely to affect its price since investors are well aware that these insiders have access to first-hand information not available to the public. For many years, stock exchange rules have required that such trading activity be disclosed within a certain period *after* their execution, but such requirement is clearly inadequate. By the time trading activity is reported to regulatory authorities and made public, their impact on the trading price of the shares will already have been affected. In all fairness, shareholders and other investors should be informed sufficiently *in advance* of intended trading so that they can assess its significance and possible consequences. It should be noted that the practice of disclosure in advance of intended trading activity is one of the recommendations of the U.S. Conference Board in its Blue Ribbon Task Force Report on Public Trust and Private Enterprise.

Recommendation of the Board of Directors:

Under the Bank's policy, the Bank's senior officers and all other officers which are deemed insiders may only complete transactions in the Bank's securities within a 21-day period starting four days after issuance of the Bank's quarterly financial statements. Furthermore, the Bank may, when circumstances warrant, reduce or close the transaction period. Consequently, insiders may only trade in the Bank's securities on a maximum of 84 pre-established days in the year. The Bank believes that this policy is even stricter than what is proposed by the shareholder and that there would be no benefit in adding further formalities. The purpose of the Bank's policy is to adequately regulate trading by insiders while not discouraging senior officers from holding securities of the Bank. However, the Bank takes note of the shareholder's comment and undertakes to amend its policy to provide that insiders must give a 10-day public notice prior to trading on the Bank's securities, including exercising share purchase options, to the extent such trade involves more than 0.5% of the Bank's issued and outstanding shares. The Bank believes that trades involving less than such amount of shares cannot have a material impact on the shares' market price.

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

SCHEDULE D

Toronto Stock Exchange Guidelines for Effective Governance

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|---|-----------------|--|
| 1. The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters: | Yes | In the general interest of shareholders, business partners, customers and employees, and in accordance with the <i>Bank Act</i> , the Bank's statutes, by-laws and internal policies, and other applicable legislation, the Board of Directors supervises the commercial activity of the Bank, directly or through committees acting in accordance with their written charters. In doing so, the Board assumes stewardship of the Bank and provides general governance of the Bank's affairs and direction for the development, growth and performance of the Bank. The role of each director is essentially supervisory in nature, with the specific day-to-day management functions and decision-making delegated to the full time officers of the Bank. Nevertheless, various roles and responsibilities are directly assumed by the Board, as stated by the Board's mandate, or as stated by internal policies adopted by the Board. |
| a) adoption of a strategic planning process; | Yes | The Board follows an elaborate strategic planning process. It regularly participates in the Bank's strategic planning process, both at scheduled meetings, whether of the Board or of the Board's committees, and at <i>ad hoc</i> directors' meetings with the President and Chief Executive Officer. It also attends a strategic planning session at least once a year with Management. The Board is responsible for reviewing and approving the strategic plan. Furthermore, it approves the three-year plan and the annual budget. |
| b) identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks; | Yes | The Board spent considerable time and energy identifying risks and management processes which lead to the approval by the Board of the integrated risk management framework, on a recommendation by the Risk Management Committee. This framework allows firstly for the identification and evaluation, on an ongoing basis, of the major risks that the Bank faces along with their possible repercussions, secondly for the establishment of sound and prudent risk limits and risk management policies and finally allows for the establishment and application of efficient internal controls for the prudent control of these risks. The responsibilities regarding the supervision of risk management is shared between the Risk Management Committee, which annually reviews and adopts various policies intended to control management of these risks and quarterly receives an integrated risk management report from Management, the Audit Committee, which receives a report from the Internal Auditor at the end of each fiscal quarter as well as a certification from senior management regarding financial statements, and the Human Resources and Corporate Governance Committee, which is involved in the nomination, remuneration and evaluation of senior management. The Board receives periodically verbal and written reports from all the committees regarding the work accomplished and, |

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|--|-----------------|---|
| | | <p>each year, a report from external auditors regarding the reliability of financial statements and the review of internal controls.</p> <p>Among the policies approved by the Board on recommendation by the committees are the following:</p> <ul style="list-style-type: none"> Code of Conduct (employees) Code of Conduct (service providers) Privacy Code Compliance Policy Policy on Outsourcing Risk Management Information Disclosure Policy Information Security Management Policy Money Laundering Compliance Policy Personal Information Protection Policy Integrated Risk Management Framework Policy Operational Risk Policy Credit Policy Professional Responsibility Risk Management Policy Policy on Important Change Approval General Allowances for Credit Risk Policy Market Risk Management Policies <p>These policies are reviewed yearly.</p> |
| c) succession planning, including appointing, training and monitoring senior management; | Yes | <p>The Human Resources and Corporate Governance Committee supervises succession planning and the training plan development process. The Human Resources and Corporate Governance Committee approves the appointments of vice-presidents, in the Planning level and higher, along with their compensation and other working conditions. The Committee also reviews the annual assessments of the performance of executive officers. In conjunction with the Board members, it annually assesses the performance of the President and Chief Executive Officer and establishes his compensation. The Committee also approved function descriptions for the President and Chief Executive Officer and other executives officers, the Chairman, the committees chairpersons as well as a code of conduct applicable to all directors.</p> |
| d) a communications policy for the corporation; | Yes | <p>In order to assert its openness in matters of communication, the Bank applies the Information Disclosure Policy, which covers the accurate and timely communication of all important financial information. This policy, reviewed annually by the Board, was established to ensure a fair treatment of all shareholders, investors, public and other parties regarding disclosure of financial information considered to be material. The Board, directly or through a committee, also approves, in addition to financial statements, all press releases containing financial information, along with management's discussion and analysis of financial condition and results of operations included in quarterly and annual public reports.</p> <p>The Bank has adopted a series of mechanisms that enable it to quickly communicate information to shareholders, customers, employees and the general public on a regular basis. These mechanisms include the publication of the Annual Report and the quarterly reports, the dissemination of press releases via the newswires and their posting on the</p> |

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|---|-----------------|--|
| | | <p>Bank's website, www.laurentianbank.com, conference calls with analysts concerning quarterly financial results, which shareholders, journalists and the general public can attend directly by phone or via the Internet, and by subsequently accessing the Bank's website. This site provides customers, shareholders and the general public with means of communicating with the Bank or of consulting information regarding the organization and its lines of businesses, products and services, etc. Communications with shareholders are quickly processed by the Bank, either by the Secretary's Office, the Investor Relations department or by the transfer agent and registrar. After the Annual Meeting, the minutes are sent both to registered and unregistered shareholders.</p> |
| <p>e) the integrity of the corporation's internal control and management information systems.</p> | <p>Yes</p> | <p>Several committees ensure, as part of their specific mandate, the integrity of internal control systems and management information systems. Internal audit managers as well as senior management also report to the Audit Committee on the integrity of the internal control systems. In particular, the Internal Auditor presents to the Audit Committee, following each six-month period, an opinion on internal controls and procedures within the Bank.</p> |
| <p>2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. A related director is a director who is not an unrelated director. If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder. A significant shareholder is a shareholder with the ability to exercise a majority of the votes for the election of the board of directors.</p> | <p>Yes</p> | <p>During 2003, Mrs. Suzanne Masson, then a member of the Bank's Management, has been appointed on the Board of Directors on a temporary basis in order to fill a vacancy that occurred a few days before the Annual Meeting. At the time this Circular was prepared, among the actual Board Members, only Mr. Raymond McManus, President and Chief Executive Officer, is an internal director.</p> <p>No external director is related to the Bank.</p> <p>The Bank has no significant shareholder as meant by the Guidelines. Under the <i>Bank Act</i>, the Bank cannot have a shareholder that can exercise a majority of the votes for the election of the Board of Directors, or a director that possesses a substantial investment in the Bank.</p> |
| <p>3. The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors or, in the case of a corporation with a significant shareholder, whether the board is constituted with the appropriate number of directors which are not related to either the corporation or the significant shareholder. Management directors are related directors. The board will also be required to disclose on an annual basis the analysis of the application of the principles supporting this conclusion.</p> | <p>Yes</p> | <p>The Board, through its Human Resources and Corporate Governance Committee, periodically analyses its composition and while doing so, determines whether directors are related or unrelated. The definition of "related director" stated by the TSX is considered for this determination.</p> <p>The Board follows a common practice, which is to not appoint internal directors, except for the President and Chief Executive Officer. Furthermore, the relationships of any candidate with the Bank or its subsidiaries are assessed before appointing a new director. Also, the Bank has an internal related party relationships examination committee.</p> <p>No director other than the President and Chief</p> |

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|---|-----------------|---|
| | | <p>Executive Officer is related; they do not participate in the day-to-day operations of the Bank, nor do they have commercial, business or financial relationships with the Bank or its Group that can reasonably be expected to affect the exercise of the director's best judgement, nor do they receive any compensation from the Bank other than as directors.</p> <p>The directors collectively attended 93% of the meetings of the Board or of its committees held during the year. More information about each director can be found on pages 6 to 8 of this Circular.</p> |
| <p>4. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e., non-management, directors, a majority of whom are unrelated directors, with the responsibility for proposing to the board new nominees to the board and for assessing directors on an ongoing basis.</p> | <p>Yes</p> | <p>The Board has mandated the Human Resources and Corporate Governance Committee, composed exclusively of outside and unrelated directors, to assess directors annually and propose new nominees to the Board. The appointed candidates usually answer to at least one expertise need of the Board in a strategic field of interest for the Bank, determined following an analysis of the composition of the Board performed by the Committee. Various other selection criteria are also applied.</p> |
| <p>5. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.</p> | <p>Yes</p> | <p>The Board has adopted a process intended to assess its efficiency along with the contribution of directors. The Human Resources and Corporate Governance Committee has been charged with applying this process. During the annual review of the composition of the Board, the Committee evaluates the contribution of the directors to the work of the board and its committees.</p> <p>Furthermore, the Chairman of the Board administers an evaluation questionnaire of the Board 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.</p> |
| <p>6. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board.</p> | <p>Yes</p> | <p>Every new director is mentored by a more experienced Board member and is matched up with a member of Management to ensure that all directors have access to all the information they may require. Meetings with the Chairman of the Board and with the President and Chief Executive Officer are also organized. Furthermore, an information manual is provided to each director and is regularly updated. A formal education program has also been set up. Most Board meetings include presentations on topics of interest to the directors. Directors are also invited to attend seminars, at the Bank's expense.</p> |
| <p>7. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.</p> | <p>Yes</p> | <p>The Board annually reviews its size, with the participation of the Human Resources and Corporate Governance Committee. This number was reduced in 1997 and in 2001, and it is proposed to reduce it again in 2004. The size of the Board is set in order to ensure that the Board has an appropriate mix of experiences and skills, that it reflects the geographical representation and economic sectors in which the Bank pursues its activities, and to ensure an efficient decision-making process. The Board also reviews periodically the number and</p> |

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|--|-----------------|---|
| | | responsibilities of its committees to facilitate director participation. |
| 8. The board of directors should review the adequacy and form of the compensation of directors and ensure that the compensation realistically reflects the responsibilities and risk involved in being an effective director. | Yes | The Board, through the Human Resources and Corporate Governance Committee, periodically requests a market analysis to ensure that directors' remuneration is adequate and competitive. In 2000, a deferred stock unit plan was introduced; directors can thus choose this plan instead of compensation in cash or in shares, once they hold a minimum of 2,000 shares of the Bank. Excluding their meeting fees, the directors receive no cash compensation until they hold 2,000 shares of the Bank. Please refer to page 9 of this Circular for more information on directors compensation during 2002-2003. |
| 9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors. | Yes | <p>All of the committees are formed exclusively of outside and unrelated directors as only the President and Chief Executive Officer, who is not a member of a committee, is both a director and a member of Management.</p> <p>The Board has three committees: the Audit Committee the Risk Management Committee the Human Resources and Corporate Governance Committee</p> <p>The Bank's annual report, available on the Bank's website (www.laurentianbank.com), contains a section presenting the composition and the mandates of the committees.</p> |
| 10. Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines. | Yes | The Board has delegated to the Human Resources and Corporate Governance Committee the responsibility for implementing various elements of corporate governance. The Committee is also in charge of following up the TSX guidelines in this area. It therefore puts in place and monitors corporate governance rules and makes recommendations to the Board for improvements, as required. |
| 11. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting | Yes | <p>The Board has defined its responsibilities, including that of setting the general objectives of the Bank together with those of the President and Chief Executive Officer. It also assesses these responsibilities. Position descriptions have been developed for the Board of Directors and the positions of Chairman of the Board and President and Chief Executive Officer. The Human Resources and Corporate Governance Committee, in conjunction with Board members, determines the objectives of the President and Chief Executive Officer. The Committee annually assesses the performance of the President and Chief Executive Officer and reports to the Board on its assessment.</p> <p>The functions descriptions elaborated for the President and Chief Executive Officer, for the Chairman of the Board and for the Board itself, as well as the Policy on Important Change Approval adopted in 2003 by the Board on a recommendation of the Risk Management Committee, contribute to define the limits to Management's responsibilities.</p> |

| TSX Corporate Governance Best Practice Guidelines | Bank compliance | Corporate Governance Standards and Practices in effect at Laurentian Bank |
|--|-----------------|---|
| <p>12. Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the “lead director”. Appropriate procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board’s relationship to management to a committee of the board.</p> | Yes | <p>Appropriate measures are in place to ensure the autonomy of the Board with regard to Management. The Chairman of the Board is not a member of Management and the only related director, other than Mrs. Suzanne Masson who was temporarily appointed in 2003 in order to fill a vacancy that occurred a few days before the Annual Meeting, is the President and Chief Executive Officer. The Board regularly meets in the absence of the President and Chief Executive Officer and of senior management.</p> |
| <p>13. The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management’s responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.</p> | Yes | <p>The Audit Committee is composed only of outside and unrelated directors. In regular direct communication with auditors appointed by the shareholders and with internal auditors, this committee monitors the internal control system set by Management. In discharging their responsibilities, the Committee members meet, together or separately, with the officers and the external auditors to discuss the financial matters within their mandate. They also meet each year with the Superintendent of Financial Institutions of Canada or his representative.</p> <p>The Committee has a written mandate, which defines its roles and responsibilities.</p> |
| <p>14. The board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.</p> | Yes | <p>The Board has a Policy on the External Advisors Services. This Policy allows the Board, a committee or a director, when required by the circumstances, to hire the services of external advisors at the Bank’s costs.</p> <p>The Policy provides for various circumstances under which the hiring of external advisors can be justified, while recognizing that such situations may vary.</p> <p>When a director, the Board or one of its committees require the services of an external advisor, the matter must be submitted to the Human Resources and Corporate Governance Committee, which will evaluate the matter’s relevance by considering enumerated criteria.</p> |

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.

It is a complement to the provisions of the *Bank Act* (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.

SCHEDULE F

Summary of attendance for the financial year ended on October 31, 2003

| Name | Board Attendance | Audit Committee Attendance | Risk Management Committee Attendance | Human Resources and Corporate Governance Committee Attendance |
|---|---------------------|----------------------------------|---|---|
| Jean Bazin | 16 / 17 | | 7 / 9 | |
| Richard Bélanger <i>(since March 20, 2003)</i> | 10 / 11 | 3 / 3 | | |
| Ève-Lyne Biron <i>(since March 20, 2003)</i> | 10 / 11 | 3 / 3 | | |
| Jill Bodkin <i>(until March 20, 2003)</i> | 6 / 6 | 4 / 4 | | |
| Ronald Corey | 17 / 17 | | | 12 / 12 |
| L. Denis Desautels | 17 / 17 | 7 / 7 | | 6 / 6 |
| Jean-Guy Desjardins <i>(until March 17, 2003)</i> | 5 / 5 | | 4 / 4 | |
| Réjean Gagné <i>(until July 9, 2003)</i> | 11 / 13 | | | 8 / 9 |
| Christiane Germain | 16 / 17 | | | 11 / 12 |
| Jon K. Grant <i>(until March 20, 2003)</i> | 5 / 6 | 4 / 4 | | 6 / 6 |
| Georges Hébert | 17 / 17 | | 9 / 9 | |
| Veronica S. Maidman | 17 / 17 | | 9 / 9 | |
| Suzanne Masson <i>(since March 20, 2003)</i> | 11 / 11 | | | |
| Raymond McManus | 17 / 17 | | | |
| Pierre Michaud | 17 / 17 | | | 12 / 12 |
| Margot Northey <i>(until March 20, 2003)</i> | 3 / 6 | 3 / 4 | | |
| Gordon Ritchie <i>(since March 20, 2003)</i> | 8 / 11 | 2 / 3 | 3 / 4 | |
| Dominic J. Taddeo | 13 / 17* | 5 / 7 | | |
| Jonathan I. Wener | 16 / 17 | | 9 / 9 | |

* 3 of the 4 meetings missed were held the same week

Summary of Board and Committee Meetings Held

| | |
|--|----|
| Board of Directors | 17 |
| Audit Committee | 7 |
| Risk Management Committee | 9 |
| Human Resources and Corporate Governance Committee | 12 |