



Notice of Annual Meeting of Shareholders

March 7, 2006

Management Proxy Circular



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual meeting of the shareholders of Laurentian Bank of Canada (the "Bank") will be held at the Imperial, 1430 de Bleury Street, in Montreal, Quebec, on Tuesday, March 7, 2006 at 9:30 a.m. for the following purposes:

- 1) to receive the consolidated financial statements of the Bank for the year ended October 31, 2005 and the auditor's report thereon;
- 2) to elect directors for the ensuing year;
- 3) to appoint the auditor;
- 4) to transact such other business as may properly be brought before the meeting.

As of January 17, 2006, 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 23,598,503, except for the election of directors, where the number of eligible votes that may be cast by cumulative voting is 306,780,539.

Proxies to be used at the meeting must be received by the Bank's transfer agent, Computershare Investor Services Inc., Stock Transfer Services, 100 University Ave, 9th Floor, Toronto, Ontario M5J 2Y1, prior to the close of business on March 6, 2006, 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,

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

Lorraine Pilon
Secretary

Montreal, Quebec, January 17, 2006

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

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 or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524 within the 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 enter the name of the desired representative in the blank space provided, complete, date, sign and return the enclosed form of proxy in the accompanying postage prepaid envelope or transmit it by facsimile TOLL FREE from Canada or the United States at 1-866-249-7775 and from any other country at (416) 263-9524 within the 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 as described above).

INSTRUCTIONS FOR NON-REGISTERED* SHAREHOLDERS

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

Voting through a proxyholder proposed on the instruction form — If you do not expect to be present in person at the meeting and wish to appoint the persons proposed as proxyholders on the instruction form that your intermediary or the Bank's transfer agent sent to you to represent you at the meeting, please complete the instruction form and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. Your shares will be voted in accordance with your instructions as indicated on the instruction 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 that your intermediary or the Bank's transfer agent sent to you and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. You must present yourself at the registration table at least 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 — 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 that your intermediary or the Bank's transfer agent sent to you to represent you at the meeting, please enter the name of the desired representative in the appropriate space on the instruction form and return it to your intermediary or the Bank's transfer agent, as the case may be, in accordance with the specific instructions provided to you by your intermediary or the Bank's transfer agent. Your proxyholder must present himself or herself at the registration table at least 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 a **non-registered** shareholder.

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

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MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the "Circular") of Laurentian Bank of Canada (the "Bank") is dated January 17, 2006.

REVOCABILITY OF PROXY

A shareholder who has given a proxy may revoke it by signing, in person or through an attorney authorized in writing, a written instrument and by depositing such instrument with the Secretary of the Bank at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec H3A 3K3, at any time up to and including the last business day preceding the day of the annual meeting of the shareholders of the Bank (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.

PERSONS MAKING THE SOLICITATION

The Circular is provided in connection with the solicitation by the management of the Bank of proxies to be used at the Meeting, 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. All solicitation costs will be borne by the Bank.

PROXY INSTRUCTIONS

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

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

All valid proxies received by the Bank, through Computershare Investor Services Inc. at the place set forth in the accompanying Notice of Meeting, prior to the close of business on March 6, 2006 will be used for purposes of voting at the Meeting or any adjournment thereof in accordance with the terms of the proxy or the instructions of the shareholder as specified thereon.

The enclosed form of proxy, when duly signed, confers discretionary authority on the persons named as proxyholders 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 FOR all matters stated on the Notice of Meeting.

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of January 17, 2006, 23,598,503 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 January 17, 2006, 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.

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 supervise 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, the main boards of directors on which they sit, their position(s) on the Board of Directors of the Bank or its committees, the date on which they became directors of the Bank, the number of common shares of the Bank beneficially owned, directly or indirectly, or over which they exercise control or direction and the number of deferred stock units of the Bank credited.

	<p>Lise Bastarache Candiac, Quebec</p> <p>Director since --</p> <p>Common shares: 0 Deferred stock units: 0</p>	<p>Lise Bastarache is a corporate director and economist.</p> <p>Originally from Moncton, New Brunswick, Ms. Bastarache holds a bachelor's and master's degree in Economics, and pursued doctoral studies in Macroeconomics. Ms. Bastarache was, prior to February 2005, Regional Vice-President – Quebec, Private Banking at RBC Financial Group and prior to January 2001, was Business Analyst, Commercial Banking, again at RBC Financial Group. Ms. Bastarache sits on several boards of directors, namely those of The Jean Coutu Group (PJC) Inc., Chartwell Seniors Housing Real Estate Investment Trust, two publicly-traded entities, as well as New Brunswick Power. She is also member of the board of governors of the <i>Université de Moncton</i>, where she chairs the finance committee.</p>
	<p>Jean Bazin, Q.C. Nuns' Island, Verdun, Quebec</p> <p>Director since September 1st, 2002</p> <p><i>Member of the Audit Committee</i></p> <p>Common shares: 3,245 Deferred stock units: 0</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 sat on the Board of Directors of the Bank from 1990 to 2000 and was Chairman of the Board of its subsidiary B2B Trust from 2000 to 2002. Very active within the business community and various cultural organizations, he is known for his discipline and rigour. Mr. Bazin sits on the boards of directors of various non-publicly traded companies, including Société générale de financement du Québec.</p>



Richard Bélanger
Lac-Beauport, Quebec

Director since
March 20, 2003

Member of the Audit Committee

Common shares: 5,000
Deferred stock units: 0

Richard Bélanger is President of Toryvel Group Inc., a holding company whose main activities are investments in the forest and transportation sectors, as well as private and stock market investments.

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



Ève-Lyne Biron
Candiac, Quebec

Director since
March 20, 2003

Member of the Human Resources and Corporate Governance Committee

Common shares: 2,438
Deferred stock units: 882

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

With a masters in business administration to her credit, Ève-Lyne Biron is a young manager who aims for very tangible results and who is actively involved in her community. Her company ranked 37th of the top 100 Canadian companies directed by women in 2003. She was a 2004 award winner of the *Nouveaux Performants* competition, "Entrepreneur" category and finalist for the 2005 *Femmes d'affaires du Québec* award. Mrs. Biron sits on the board of directors of the *Orchestre symphonique de Longueuil*, the Armand-Frappier Foundation and of Longueuil Economic Development. Mrs. Biron does not sit on the board of directors of any publicly traded company other than the Bank.



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

Director since
December 4, 2001

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

Common shares: 2,114
Deferred stock units: 0

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

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



Pierre Genest
Montreal, Quebec

Director since –

Common shares : 0
Deferred stock units: 0

Pierre Genest is President and Chief Executive Officer of *Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (until January 31, 2006).

Educated in actuarial sciences, Fellow of both the Canadian Institute of Actuaries and the Society of Actuaries (USA), Pierre Genest was, prior to January 2002, President and General Manager of SSQ Financial Group. He began his career in 1969 at The Mercantile and General Reinsurance Company of Canada, was one of the principal shareholders of Optimum International Group, then, in 1986, began a long and prolific career with the SSQ Group. Mr. Genest sits on the board of directors of Professionals' Fund Group Inc., Sogemec Assurances inc., Montréal International, Manac Inc. and SSQ, Life Insurance Company Inc. Mr. Genest does not sit on the board of directors of any publicly traded company.



Georges Hébert
Town of Mount-Royal, Quebec

Director since
June 5, 1990

Member of the Risk Management Committee

Common shares: 5,000
Deferred stock units: 0

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

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



Veronica S. Maidman
Toronto, Ontario

Director since
February 8, 2001

*Member of the Risk
Management Committee*

Common shares: 2,106
Deferred stock units: 0

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

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



Raymond McManus
Baie d'Urfé, Quebec

Director since
April 25, 1988

Common shares: 3,683
Deferred stock units: 1,974

Raymond McManus is President and Chief Executive Officer of the Bank.

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 of Canada. 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 the board of directors of any publicly traded company other than the Bank.



Pierre Michaud, C.M.
Montreal, Quebec

Director since
January 26, 1990

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

Common shares: 15,585
Deferred stock units: 14,377

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

Member of the Order of Canada, Pierre Michaud has a vast experience in the retail business as much as in corporate governance. Very active in many charitable organizations, Mr. Michaud is a member of the boards of governors of Centraide, the St. Justine Hospital Foundation and the *Fondation du Centre hospitalier de l'Université 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., Gaz Métro Inc., Provigo Inc. and Old Port of Montreal Corporation Inc.



Carmand Normand
North Hatley, Quebec

Director since
July 1, 2004

*Member of the Risk
Management Committee*

Common shares: 22,034
Deferred stock units: 0

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

With over 35 years of experience in the field of finance, Carmand Normand is an accomplished businessman with a keen entrepreneurial sense. An excellent investment strategist, Mr. Normand won particular recognition in 2000, when he received the Hermès Award for outstanding career accomplishments from the Faculty of Business Administration of Université Laval. Mr. Normand is also Vice-Chairman of the Board and member of the audit committee of the Montréal Exchange.



Dominic J. Taddeo
Kirkland, Quebec

Director since
January 22, 1998

Chair of the Audit Committee

Common shares: 3,128
Deferred stock units: 0

Dominic J. Taddeo is President and Chief Executive Officer of the Montreal Port Authority.

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 *Ordre 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 and sits on the board of directors of Longueuil Economic Development. Mr. Taddeo does not sit on the board of directors of any publicly traded company other than the Bank



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

Director since
January 22, 1998

*Chair of the Risk Management
Committee*

Common shares: 4,221
Deferred stock units: 0

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

Member of the Order of Canada, Jonathan Wener, a renowned expert in the real estate sector, has vast experience in the commercial, industrial, residential, recreational and hotel sectors. Associated for 30 years with the success of Candere Management, Mr. Wener contributes to the well-being of his community through his involvement in numerous professional associations and charitable organizations. Mr. Wener is Vice-Chair of the Board of Concordia University and he also sits on different boards of directors including those of The Montreal Museum of Fine Arts Foundation, The Foundation of Greater Montreal, The Jewish General Hospital and its Foundation and the *Festival des Arts de Saint-Sauveur*. Mr. Wener does not sit on the board of directors of any publicly traded company other than the Bank.

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

To the knowledge of the Bank, no proposed director is at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, except for Mr. Raymond McManus who was, but is no longer, member of the board of directors of Adventure Electronics Inc. when it made an assignment of all its assets for the benefit of its creditors under the *Bankruptcy and Insolvency Act (Canada)* and was subject to a cease trade order and who was, but is no longer, member of the board of directors of CINAR Corporation when it initiated an arrangement under the *Canada Business Corporations Act* and was subject of a cease trade order.

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

EXECUTIVE COMPENSATION

1. – Summary Compensation Table

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

NEO Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$) (Note 7)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) (Note 4)	Awards		Payouts	
					Securities Under Options/ SARs Granted (#) (Note 5)	Shares or Units Subject to Resale Restrictions (\$) (Note 6)	LTIP Payouts (\$)	
Raymond McManus President and Chief Executive Officer	2005	540,000	225,000	0	0 / 0	360,000 / 589,400	0	3,690
	2004	500,000	75,000	0	0 / 25,000	0	0	1,318
	2003	500,000	200,000	0	0 / 0	0	0	4,082
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer	2005	260,000	82,500	0	0 / 0	132,000	0	9,246
	2004	250,000	30,000	0	0 / 25,000	0	0	2,628
	2003	245,000	100,000	0	0 / 0	0	0	9,260
Bernard Piché Senior Executive Vice-President, Treasury, Capital Markets and Brokerage (Note 1)	2005	260,000	82,500	0	0 / 0	132,000	0	6,480
	2004	260,000	30,000	0	0 / 25,000	0	0	2,741
	2003	260,000	0	40,000	10,000 / 0	0	0	6,419
Réjean Robitaille Senior Executive Vice-President, Retail and Commercial Financial Services (Note 2)	2005	233,000	82,500	0	0 / 0	132,000	0	8,203
	2004	212,000	25,000	0	0 / 25,000	0	0	2,238
	2003	160,625	100,000	0	0 / 0	0	0	7,305
Lorraine Pilon Executive Vice-President, Corporate Affairs and Human Resources and Secretary (Note 3)	2005	192,000	60,000	0	0 / 0	96,000	0	3,215
	2004	179,000	15,000	0	0 / 15,000	0	0	2,712
	2003	167,000	40,000	0	0 / 0	0	0	2,607

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

Note 2: Mr. Robitaille was named Senior Executive Vice-President, Retail and Commercial Financial Services on August 1st, 2005. He had been named Executive Vice-President, Retail Financial Services on June 16, 2003. Before that date, he was Senior Vice-President and Treasurer of the Bank.

Note 3: Ms. Pilon was named Executive Vice-President, Corporate Affairs and Secretary on November 1st, 2003, and Executive Vice-President, Corporate Affairs and Human Resources and Secretary on December 9, 2005.

Note 4: Perquisites and other personal benefits did not exceed \$50,000 or 10% of salary and bonus. In the case of Mr. Piché, the amount indicated represent relocation expenses.

Note 5: In 2004, SARs granted under the Bank’s Stock Appreciation Rights Plan. This plan is described in section 7 below. In 2003, options granted to Mr. Piché under B2B Trust’s Stock Option Plan in 2003; this plan is no longer in force.

Note 6: In the case of Mr. McManus, \$360,000 in restricted share units issued under the Restricted Share Unit Program for senior officers of the Bank and \$589,400 representing shares held in trust for his benefit, as disclosed below. In the case of the other Named Executive Officers, the amount indicated represents restricted share units issued under the Restricted Share Unit Program for senior officers of the Bank.

- Under the Restricted Share Unit Program for senior officers of the Bank, participants may choose to convert 50% of their annual bonus in Bank share units and the Bank, in recognition of the risk associated with such conversion, grants an additional number of share units for an amount equal to 60% of the converted bonus. The total amount of the portion of the bonus chosen for conversion and the Bank contribution will be converted in share units of the Bank in mid-January, 2006 and the number of share units will then be confirmed based on the trading price of the Bank's shares at the date of conversion. For 2005, the amounts are detailed as follows:

Name	Annual Bonus Converted (\$)	Contribution of the Bank (\$)	Total (\$)
Raymond McManus	225,000	135,000	360,000
Robert Cardinal	82,500	49,500	132,000
Bernard Piché	82,500	49,500	132,000
Réjean Robitaille	82,500	49,500	132,000
Lorraine Pilon	60,000	36,000	96,000

The terms and conditions of the Program are described in greater detail in section 7 below.

- Mr. McManus's employment contract was amended in 2005 to provide for the purchase of 20,000 shares of the Bank on August 31, 2005 at a price of \$ 29.47, which are held in trust for his benefit. The first 10,000 shares will be granted to him if he is still in office on January 1, 2007 and the 10,000 remaining shares will be granted to him if he is still in office on January 1, 2007 and if the return on shareholders' equity on the basis of continued activities (excluding certain special items) of the Bank is at least 7.0% for the fiscal year ending on October 31, 2006. Furthermore, the shares so granted are subject to resale restrictions for a period of one year.

Note 7: For 2005 and 2003, these amounts are mainly related to group insurance premiums. For 2004, the amounts pertain mainly to temporary life insurance premiums.

2. – Option/SAR Grants During The Most Recently Completed Financial Year

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

3. – Aggregated Option/SAR Exercises During The Most Recently Completed Financial Year And Financial Year-End Option/SAR Values (Note 1)

NEO 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)
Raymond McManus	0	0	75,000 / 50,000	159,900 / 137,850
Robert Cardinal	10,878	62,169	20,702 / 25,000	40,952 / 84,550
Bernard Piché	0	0	74,065 / 28,750	201,087 / 84,550
Réjean Robitaille	0	0	5,641 / 25,400	31,076 / 84,673
Lorraine Pilon	0	0	2,640 / 15,000	25,596 / 50,730

Note 1: Options issued under the Bank's Stock Option Purchase Plan and SARs issued under the Bank's Stock Appreciation Rights Plan. The terms and conditions of these plans are explained in greater detail in section 7 below.

Note 2: The amounts indicated are based on a price of \$30.35 on October 31, 2005.

4. – Defined Benefit or Actuarial Plan Disclosure

The following table applies to the Named Executive Officers, except the President and Chief Executive Officer.

Pension Plan Table

Remuneration (\$) (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

The Named Executive Officers participate in the Pension Plan for the Senior Officers of the Bank and participating subsidiaries (the "Officers' Plan") and in the Supplemental Pension Plan for Members of the Executive Management of the Bank and participating subsidiaries (the "Supplemental Plan"). 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.

Additional Information on Retirement Payments (Note 1)

	Raymond McManus	Robert Cardinal	Bernard Piché	Réjean Robitaille	Lorraine Pilon
Years of participation in retirement plans (Note 2)	4.4	23.9	33.5	31.7	32.9
Estimated pension payable on retirement (\$) (Note 3)	225,000	117,000	167,000	108,000	109,000
Annual cost of retirement payments for 2005 fiscal year (\$) (Note 4)	0	52,000	58,000	30,000	23,000

Note 1: The amounts indicated in this table are estimated amounts based on assumptions which represent contractual entitlements that may change over time. The method used to determine estimated amounts will not be identical to the method used by other issuers and as a result the figures may not be directly comparable across companies.

Note 2: Number of years accumulated in the retirement plans at 65 for the President and Chief Executive Officer and 60 for the other Named Executive Officers. In the case of Messrs. Cardinal and Piché, the figure indicates the number of years of participation in the Supplemental Plan taking into account the special agreements referred to below.

Note 3: Except for Mr. McManus, who entered into a special agreement described below, the estimated pension payment is based on the average at October 31, 2005 of the five best compensated consecutive years of service and assumes retirement at the normal retirement age.

Note 4: The annual cost of retirement payments for the 2005 fiscal year is based on the assumptions described in Note 14 to the consolidated financial statements of the Bank as at October 31, 2004. This cost is nil for the President and Chief Executive Officer as he reached the retirement age assumption (57).

Mr. Raymond McManus, President and Chief Executive Officer, entered into a special retirement agreement with the Bank in 2005. Under this agreement, Mr. McManus' normal retirement age is 65 and his normal retirement pension is \$225,000 per year, less amounts paid under the Officers' Plan. If Mr. McManus retires before he reaches age 65, the early retirement pension will be \$200,000 per year, less amounts paid under the Officers' Plan. Special provisions apply in the event of retirement following a change of control of the Bank. Mr. McManus will reach normal retirement age in January 2007.

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

5. – Termination of Employment, Change in Responsibilities and Employment Contracts

The Named Executive Officers entered into written employment agreements with the Bank. These agreements came into force on the date of the beginning of employment of each Named Executive Officer with the Bank, namely August 1st, 2002 in the case of Mr. McManus, February 25, 1991 in the case of Mr. Cardinal, May 4, 1994 in the case of Mr. Piché, July 11, 1988 in the case of Mr. Robitaille and July 9, 1990, in the case of Ms. Pilon, and have been amended when necessary. All agreements are for an indefinite term. Material information concerning the compensation of the Named Executive Officers is shown in the “Summary Compensation Table”.

The agreement of Mr. McManus provides for an indemnity of 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. In 2005, with a view to linking his interests more directly with those of the shareholders, Mr. McManus’s employment contract was amended to provide for the purchase of 20,000 shares of the Bank which are held in trust for his benefit, as disclosed in greater detail in Note 6 to the “Summary Compensation Table”.

Messrs. Cardinal, Piché and Robitaille and Ms. Pilon 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 in the three years preceding their termination if their employment is terminated in the year following a change of control of the Bank. Specific provisions relating to the effect of termination on pension and other benefits are included in the indemnity plan.

The consequence of retirement, termination of employment and change of control of the Bank on options, SARs and restricted share units granted under the Bank’s long-term incentive compensation programs are described in section 7 below.

6. – Composition of the Compensation Committee

The members of the Human Resources and Corporate Governance Committee of the Board of Directors of the Bank are the following independent directors: Messrs. Pierre Michaud (Chair), Ronald Corey and L. Denis Desautels and Mrs. Ève-Lyne Biron.

7. – Report on Executive Compensation

The Human Resources and Corporate Governance Committee of the Board of Directors of the Bank (the “Committee”) has adopted a policy of global compensation, with the following components:

- (a) a competitive base salary 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. In 2005, the Bank retained the services of the firm Towers Perrin, whose mandate included the following:

- (i) completing a global compensation study covering a selected number of senior officer positions of the Bank;
- (ii) providing advice to the Bank’s Human Resources sector on the elaboration of a salary structure for senior management, certain aspects of Mr. McManus’s compensation in the context of the renegotiation of his employment contract and on the elaboration of a new long-term incentive plan for senior management;
- (iii) providing advice on asset management for the Bank’s retirement fund.

Base Salary

The Committee reviews the base salary of the Bank’s executive officers on a yearly basis, taking into consideration their responsibilities and performance as well as market data. For the 2005 fiscal year, the Committee adjusted the base salary of certain executive officers.

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 cooperation between officers, one of the purposes of the annual short-term incentive compensation program for officers is to incite synergy among the various business sectors of the Bank.

The target bonus payable under the short-term incentive compensation program is established according to the hierarchical level of responsibility of each officer and varies from 40% of base annual salary for an executive vice-president to 60% for the President and Chief Executive Officer. The bonus itself is established taking into account two factors, namely the Bank's performance (financial performance factor) and the degree of attainment of each officer's objectives (individual factor). The Bank's profitability is measured against the results of the large Canadian banks when establishing the targets for the financial performance factor, 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 or her 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 bonuses paid are thus dependent upon base salary, the target bonus, the Bank's results as well as individual results. 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.

For the 2005 fiscal year, a bonus was payable under the Bank's short-term incentive compensation program only if the return on common shareholders' equity for the 2005 fiscal year reached 5.1%. This threshold having been largely surpassed, bonuses were paid as per the criteria indicated above. The amount of bonuses paid to the Named Executive Officers is indicated in the "Summary Compensation Table". These bonuses were approved by the Committee on December 9, 2005.

Long-term Incentive Compensation

The purpose of the Bank's long-term incentive compensation programs, being the Stock Option Purchase Plan and the Stock Appreciation Rights Plan (described below) 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 these plans, 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. For the 2005 fiscal year, no SARs nor stock options were granted to the Named Executive Officers.

Furthermore, in order to ensure the loyalty of its senior officers, to align their interests with those of the shareholders and to attract first-rank candidates, the Committee adopted in 2005 a Restricted Share Unit Program for senior officers of the Bank (described below). The restricted share unit amount granted for the 2005 fiscal year to the Named Executive Officers is disclosed in the "Summary Compensation Table".

The Stock Option Purchase Plan – The creation of the Stock Option Purchase Plan was approved by the shareholders at the annual meeting held on January 24, 1992. The shares which may be issued when options granted pursuant to the Plan are exercised are voting common shares of the Bank. The shareholders of the Bank determined that the maximum number of shares which could be issued pursuant to the plan would be 1,600,000. All members of the Management Committee of the Bank are eligible as well as any other employee designated by the Committee. The Committee designates, from time to time, among the eligible members of management, those who will benefit (the "Beneficiaries") from a grant (the "Grant"). The Committee determines the number of shares subject to the Grant as well as its effective date (the "Grant Date"). Each Grant bears the option to purchase a given number of shares (the "Option"). The number of shares is established in relation to the market value and the base salary of the Beneficiary as determined by the Committee. The Grants are made at the Committee's discretion. Generally, the Committee will allow Grants each year at the time of the revision of the salary of the participant. The Committee may, nonetheless, allow special Grants at any time under circumstances deemed appropriate by the Committee. The value of the annual Grants is determined in relation to the base salary of the participant. For a member of the Management Committee or an equivalent position within a subsidiary, the value of the annual Grant will generally be equal to the following percentage of the base salary of the participant: president - 150%; executive vice-president - 100%; senior vice-president - 75%. The Committee may nonetheless allow annual Grants of different value in view of special circumstances. The subscription price of each share which may be purchased at the exercise of the Option (the "Subscription Price") is determined by the Committee for each Grant, but may not be less than 100% of the market value at the time of the Grant. For the purposes of the Plan, the words "market value" mean the arithmetic average of the weighted average trading prices of the Shares negotiated at the Toronto Stock Exchange on the five days preceding the Grant where shares were negotiated. Each option granted pursuant to an annual Grant may be exercised in the following matter: no share subject to the Option may be subscribed before the first anniversary of the Grant Date; not more than 25% of the total number of shares subject to the Option may be subscribed before the second anniversary of the Grant Date; not more than 50% of the total number of shares subject to the Option may be subscribed before the third anniversary of the Grant Date;

not more than 75% of the total number of shares subject to the Option may be subscribed before the fourth anniversary of the Grant Date; all shares subject to the Option which have not been subscribed by the fourth anniversary of the Grant Date may be subscribed at any time thereafter but not later than the first of the following dates: the date of the expiry of the Option as determined by the Committee or the tenth anniversary of the Grant. Each Option is effective for a period determined by the Committee but not exceeding ten years after the Grant Date, subject to the following conditions: (a) during the employment of the Beneficiary, the latter may exercise his Options at the frequency and during the periods stipulated by the Plan or by the Committee; (b) in case of death of the Beneficiary, any Option acquired ends at the expiration date initially determined or twelve months after the death of the Beneficiary, whichever is first; (c) upon retirement, the Beneficiary may exercise all Options as rights are acquired but before the first of the following dates, either the 31st of December of the third year following the year of retirement or the expiration of the Grant established by the Committee; (d) if the Beneficiary ceases to be employed by the Bank, for any reason other than death or retirement, any Option acquired expires 30 days after the date the Beneficiary ceases to be employed by the Bank; (e) the Committee may, at its discretion allow all Options to be exercised, even if rights to these Options are not acquired and postpone the limit for the exercise of Options mentioned in paragraphs (b), (c) and (d), as long as this date is not later than the expiry date of the Option. The Beneficiary loses any right conferred by the Option if these rights have not been exercised before the expiry of the Option. All shares which have been subject to Options which were cancelled or which have expired may be granted anew. Furthermore, in the event of a change in control of the Bank, the Beneficiary will be deemed to have acquired the right to exercise all the Options granted as of the date of the change in control, notwithstanding the restrictions stipulated above. The Beneficiary may not transfer, negotiate or sell any Option, except by will or other testamentary document or according to the laws respecting the devolution and allotment of estates. A Beneficiary will not benefit from the rights of a shareholder of the Bank with respect to the shares subject to the Options before he becomes the registered holder of these shares. Certain other terms and conditions apply.

The Stock Appreciation Rights Plan – In 1995, the Committee approved the establishment of the Stock Appreciation Rights Plan for officers who are members of the Planning Committee and other members of management designated by the Committee. The 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% instalments 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 Restricted Share Unit Program – Approved by the Committee in 2005, the Program benefits all employees identified by the Committee. Participation in the program is voluntary. The Committee designates, from time to time, among the eligible employees, those who will benefit (the "Participants") from a grant (the "Grant"). The Program provides that 50% of the annual bonus otherwise payable to the Participant (the employee share) under the Bank's short-term incentive compensation program will be held back and converted in restricted share units. In order to recognize the inherent risk of this conversion, the Bank undertakes to contribute an amount equal to 60% of the held back bonus (the employer share), which is also converted in restricted share units. These share units entitle to an amount equivalent to the dividend paid on the Bank's common shares ("Dividend Equivalent"), which is also converted in additional share units. Generally, the Committee will grant restricted share units every year at the date where the annual bonus would otherwise be payable under the short-term incentive compensation program, namely towards mid-January. The annual grant is conditional to the triggering of bonuses under the short-term incentive compensation program of the previous year. Consequently, if the Bank and its business lines do not meet their minimum objectives under the short-term incentive compensation program, no bonus will be paid and as a result thereof no restricted share unit will be granted. The number of share units granted is determined based on the annual bonus and the share price preceding the day on which the annual bonus would otherwise be payable. The Dividend Equivalent amounts are converted in additional restricted share units the number of which is based on the share price on the last trading day preceding the dividend payment day. A Participant is deemed to cash in the restricted share units granted under the Program, including additional units resulting from Dividend Equivalents, on the first day of the opening of the window for insider trading in December of the third calendar year following the end of the Bank's fiscal year in respect of which the bonus was earned. The cash-in price of each restricted share unit is equivalent to the share price on the cash-in date. The duration of a restricted share unit begins on the grant date and terminates on the vesting date, except in the following cases: (a) in the event of death of a Participant, the granted share units (employee share) as well as the additional units resulting from Dividend Equivalents are vested on the date of death. The granted share units (employee share) as well as the additional units resulting from Dividend Equivalents are vested on a prorated basis according to the number of entire months worked since the initial grant date until the date of death. The cash-in price of these units is equal to the number of such units times the share price on the last trading day preceding the date of death; (b) retirement does not accelerate vesting of the restricted share units. Consequently, the Participant may not cash in his units before the normal vesting date; (c) in the event of a voluntary termination of his employment, the Participant may only cash in the restricted share units related to his employee share as well as additional units resulting from Dividend Equivalents. The cash-in price of these units is equal to the number of such units times the share price on the date of termination of employment. The granted share units (employer share) as well as the additional units resulting from Dividend Equivalents are cancelled; (d) in the event of an

involuntary termination of his employment, due to a reorganization or restructuring, the Participant may cash in the restricted share units related to his employee share as well as additional units resulting from Dividend Equivalents. The granted share units (employer share) as well as the additional units resulting from Dividend Equivalents are vested on a prorated basis according to the number of entire months worked since the initial grant date. The cash-in price of these units is equal to the number of such units times the share price on the date of termination of employment; (e) in the event of termination for cause, the Participant may cash in the restricted share units related to his employee share as well as additional units resulting from Dividend Equivalents. The cash-in price of these units is equal to the number of such units times the share price on the date of termination of employment. The granted share units (employer share) as well as the additional units resulting from Dividend Equivalents are cancelled. Furthermore, if the employment of a Participant is terminated within twelve months following a change of control of the Bank, all restricted share units (employee and employer shares) of the Participant will be vested without regard to the above restrictions on the date of termination of his employment. For purpose of the Program, the "share price" on a day means the average closing trading prices of the common shares of the Bank for the five days preceding the day in question. The Participants have no shareholder rights with respect to the restricted share units. Certain other terms and conditions apply.

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 fiscal 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 2005 fiscal year, an evaluation of Mr. Raymond McManus' performance was conducted and based on his accomplishments (including renewal of the collective agreement, sale of BLC-Edmond de Rothschild Asset Management Inc. and agreement for the distribution of mutual funds with Industrial Alliance Insurance and Financial Services Inc., agreement with the *Fédération des travailleurs et travailleuses du Québec (FTQ)* for the distribution of the Bank's financial products to its 550,000 members, reorganization having lead to a significant increase in the portfolios of the Retail Financial Services business line, significant improvement of the interest margin), a bonus of \$450,000 was awarded to him. The amount of such bonus was calculated as described in the section "Short-term incentive compensation" above. His base salary was set at \$550,000 as of January 1st, 2005. This increase reflects the value of his position on the external market and his contribution to the Bank's success. According to a study conducted at the Committee's request, Mr. McManus' base salary is competitive compared to the reference market comprising approximately forty businesses in the banking and financial sector. His annual salary reaches the median of salaries offered for a comparable position in this sector, with due consideration of course to the relative size of the Bank.

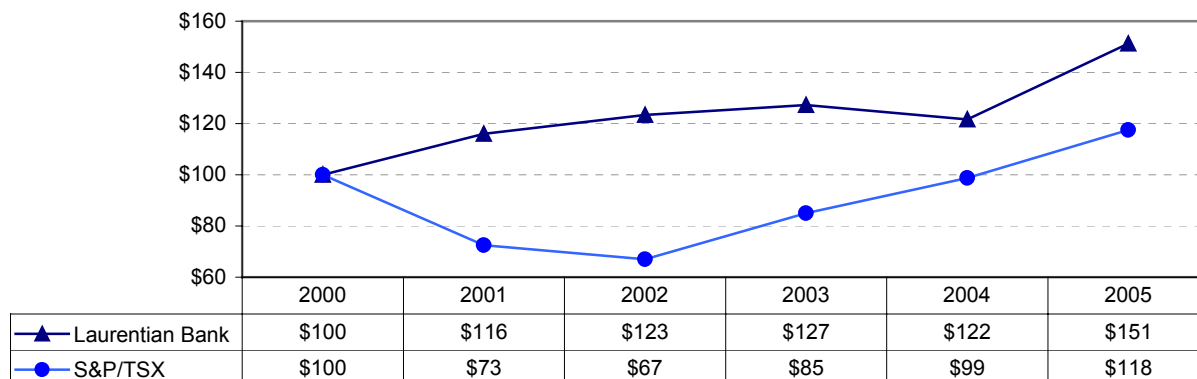
SUBMITTED BY:

Pierre Michaud, Chair
Ève-Lyne Biron
Ronald Corey
L. Denis Desautels

8. – Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Bank on October 31, 2000, assuming reinvestment of dividends, with the cumulative total return of the S&P/TSX Composite Index from the Toronto Stock Exchange for the last five fiscal years.

Cumulative Return



9. – Compensation of Directors

During the last fiscal year, each director was entitled to receive \$20,000 per annum for his services as a director, and, where applicable, \$6,000 per annum for his services as chair of a committee of the Board of Directors. The Chairman of the Board received, as chairman, an additional remuneration of \$75,000. The Vice-Chairman of the Board, as vice-chairman, received an additional remuneration of \$25,000. In all cases, the directors were entitled to an attendance fee of \$1,200 per meeting (or \$500 per meeting held by telephone conference) as well as the reimbursement of their hotel and travel expenses. However, directors who are officers of the Bank are not entitled to any compensation or attendance fee as members of the Board of Directors or of its committees.

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

Directors who hold at least 2,000 common shares may also elect to receive all or part of their compensation in the form of deferred stock units of the Bank. To receive deferred stock units, directors must so elect annually, at least one month before the commencement of the Bank's fiscal year. A deferred stock unit is a unit whose value is equivalent to the value of a common share of the Bank and takes into account other events affecting the stock (stock split, exchange of shares, spin-off, etc.). The units cannot be converted until a director leaves the Board of Directors and are paid at that time in cash or in shares. The number of units granted is established by dividing the amount payable to the director by the average price of a share of the Bank during the five trading days preceding the grant of units. The units also entitle their holders to an amount equal to dividend payments, which amount is paid in the form of additional deferred stock units. This plan is in force since February 1st, 2000.

Additional compensation may be paid to a director undertaking any special services beyond those ordinarily required of a director by the Bank. During the last fiscal year, the following directors received compensation of this nature for their participation on the Pension Plan Management Committee of the Bank, namely Messrs. L. Denis Desautels (\$7,200) and Dominic J. Taddeo (\$6,000).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Information on Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights as at October 31, 2005	Weighted-average exercise price of outstanding options, warrants and rights as at October 31, 2005	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) as at October 31, 2005
Equity compensation plans approved by securityholders (Note 1)	429,037	\$27.40	114,418
Equity compensation plans not approved by securityholders	n/a	n/a	n/a

Note 1: Stock Option Purchase Plan of the Bank as more fully described in section 7 under the heading "Executive Compensation" of this Circular.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

1. – Aggregate Indebtedness

The following table sets forth the aggregate indebtedness to the Bank or its subsidiaries of all executive officers, directors, employees and former executive officers, directors and employees of the Bank or any of its subsidiaries as at December 31, 2005.

Purpose	Aggregate Indebtedness (\$)	
	To the Company or its Subsidiaries	To Another Entity
Share Purchase	636,148	n/a
Other	89,627,282	n/a

2. – Indebtedness of Directors and Executive Officers under Securities Purchase Programs and Other Programs

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

Name and Principal Position	Involvement of the Bank or Subsidiary	Largest Amount Outstanding During Most Recently Completed Financial Year (\$)	Amount Outstanding as at December 31, 2005 (\$)	Financially Assisted Securities Purchases During Most Recently Completed Financial Year	Security for Indebtedness (Securities Purchase Program only)	Amount Forgiven During Most Recently Completed Financial Year (\$)
<i>Securities Purchase Programs</i>						
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer	Bank (lender)	14,800 (Note 1)	9,995	0	n/a	n/a
<i>Other Programs</i>						
Robert Cardinal Senior Executive Vice-President and Chief Financial Officer	Bank (lender)	130,310 (Note 2)	69,199	n/a	n/a	n/a
Carmand Normand Director	Bank (lender)	155,258 (Note 3)	130,626	n/a	n/a	n/a
Dominic J. Taddeo Director	Bank (lender)	229,913 (Note 4)	228,984	n/a	n/a	n/a

Note 1: Interest-free loan for purchase of shares, term expiring in December 2007.

Note 2: Line of credit at base rate + 0.5%; guarantee of a mortgage loan, interest rate at 5% for a 5 year term, expiring March 5, 2010; credit card balance, interest rate at 9.25%.

Note 3: Mortgage loan to his spouse, interest rate at 4.59% for a 5 year term, expiring on October 31, 2009; line of credit to his spouse at base rate + 1%; credit card balances issued to his son, spouse and two companies of which he is a shareholder, interest rate varying between 10.50% and 18.50%.

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

APPOINTMENT OF THE AUDITOR

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

The Board of Directors, on the advice of the Audit Committee, recommends that the accounts of the Bank be audited by the firm of accountants Ernst & Young LLP. This firm of accountants was appointed as auditor of the Bank during the past five years. Ernst & Young has acted as auditor of the Bank, either alone or in conjunction with another firm, continuously since 1990.

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

During the fiscal year ended October 31, 2005, the fees paid by the Bank to the accounting firm Ernst & Young reached \$2,048,000 and were allocated as follows: \$1,798,100 for audit services, \$212,900 for audit-related services, \$18,000 for tax services and \$19,000 for other services. Further details on the auditors' fees are provided in section 13.5 of the Bank's Annual Information Form dated January 17, 2006 which is available on SEDAR at www.sedar.com.

The Audit Committee revised at its meeting held on February 24, 2005, the policy regarding services that may be rendered by the Bank's external auditors. This policy is presented in section 13.4 of the Bank's Annual Information Form dated January 17, 2006.

PARTICULARS OF MATTERS TO BE ACTED UPON

Presentation of Financial Statements

The shareholders present at the Meeting will receive the Bank's consolidated financial statements for the year ended October 31, 2005 (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).

ADDITIONAL INFORMATION

Head Office

The head office of the Bank is located at 1981 McGill College Avenue, Montreal, Quebec H3A 3K3.

Minutes

A copy of the minutes of the Bank's last Annual Meeting held on March 16, 2005 was mailed to shareholders together with this Circular.

Corporate Governance Disclosure

Board of Directors

Other than Mr. Raymond McManus, President and Chief Executive Officer of the Bank, all members of the Board of Directors are independent within the meaning of National Instrument 58-101 – Disclosure of Corporate Governance Practices. The Chairman of the Board, Mr. L. Denis Desautels, is an independent director.

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

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

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

Schedule D of this Circular presents the attendance record of each director at the board and committee meetings held during the last completed fiscal year of the Bank.

Board Mandate

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

Position Descriptions

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

Orientation and Continuing Education

Every new director is mentored by a more experienced member of the Board of Directors and is matched up with a member of management to ensure that 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. Most meetings of the Board of Directors include presentations on topics of interest to the directors. Directors are also invited to attend seminars, at the Bank's expense.

Ethical Business Conduct

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

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

Furthermore, under section 4 of the "Conflict of Interest" section of the directors' Code of Conduct, directors may not participate in any board discussions regarding a conflict of interest situation and may not vote on any such situation.

Nomination of Directors

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

Compensation

The Human Resources and Corporate Governance Committee is composed exclusively of independent directors. This committee is among other things responsible for establishing the compensation of the officers of the Bank and its report on this matter is presented in section 7 under the heading "Executive Compensation" of this Circular.

The Board of Directors, through the Human Resources and Corporate Governance Committee, periodically requests a market analysis to ensure that directors' remuneration is adequate and competitive. Information regarding compensation of directors is available in section 9 under the heading "Executive Compensation" of this Circular.

Other Board Committees

Besides the Human Resources and Corporate Governance Committee, the Board of Directors of the Bank has two other committees, namely the Audit Committee and the Risk Management Committee. The mandates of all committees are set out in Schedule B of this Circular. All committees are composed exclusively of independent directors.

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

Further information regarding the Audit Committee can be found in item 13 of the Annual Information Form of the Bank dated January 17, 2006.

Assessments

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

Further information on the Bank's corporate governance practices are to be found in the "Corporate Governance" section of the Bank's 2005 Annual Report (available on SEDAR at www.sedar.com).

Rules of Order

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

Shareholders' Proposals

Shareholders wishing to have a proposal included in the next management proxy circular of the Bank must provide the text of such proposal to the Secretary of the Bank at the latest on December 15, 2006.

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, 2006, is \$100,000,000. The deductible is \$1,000,000 per event. The yearly premium is \$827,128.

Interest of Informed Persons in Material Transactions

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

Additional information

The Bank's financial information is provided in the Bank's comparative financial statements and management's discussion and analysis for its most recently completed fiscal year. Additional information relating to the Bank is available on SEDAR at www.sedar.com and at www.laurentianbank.com. Shareholders may contact the Bank's secretary in writing at 1981 McGill College Avenue, 20th Floor, Montreal, Quebec H3A 3K3 to obtain free of charge copies of the Bank's financial statements and management's discussion and analysis or of any other document available on SEDAR's web site which is mentioned in this Circular.

Directors' Approval

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

A handwritten signature in black ink, appearing to read 'L. Pilon', enclosed within a large, loopy circular flourish.

Lorraine Pilon
Secretary

Montreal, Quebec, January 17, 2006

SCHEDULE A

FUNCTIONS

Functions of the Board of Directors

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

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

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

Functions of the Chairman of the Board

The functions of the Chairman of the Board are:

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

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

Functions of the Vice-Chairman of the Board

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

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

The Vice-Chairman of the Board is not a member of management.

Functions of the Chair of a Committee

The functions of the Chair of a committee are:

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

Functions of the President and Chief Executive Officer

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

The functions of the President and Chief Executive Officer include:

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

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

SCHEDULE B
MANDATES OF THE COMMITTEES

Mandate of the Audit Committee

1. Establishment

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

2. Appointment

The committee shall consist of at least three directors.

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

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

3. Remuneration

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

4. Committee meetings

The Audit Committee shall meet at least once a quarter.

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

5. Quorum

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

6. Chair

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

7. Procedure

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

8. Meetings

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

- (a) call a meeting of directors;
- (b) communicate with or meet privately with any officer or employee of the Bank or with its internal and/or external auditors; and
- (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors regarding the use of external advisors.

The auditors shall receive notice of Committee meetings.

9. Secretary

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

10. Duties and responsibilities

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

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

The Committee shall review its mandate each year.

10.1 Responsibilities regarding the external audit

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

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

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

11. Reporting

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

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

Mandate of the Risk Management Committee

1. Establishment

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

2. Appointment

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

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

3. Remuneration

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

4. Committee meetings

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

5. Quorum

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

6. Chair

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

7. Procedure

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

8. Meetings

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

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

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

9. Secretary

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

10. Duties and responsibilities

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

Specifically, the Committee shall:

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

10.1 Review function

The Committee's duties shall consist in:

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

10.2 Credit function

The Committee's duties shall consist in:

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

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

10.3 Supervisory function

The Committee's duties shall consist in:

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

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

11. Reporting

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

Mandate of the Human Resources and Corporate Governance Committee

1. Establishment

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

2. Appointment

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

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

3. Remuneration

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

4. Meetings

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

5. Quorum

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

6. Chair

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

7. Procedure

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

8. Meeting

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

9. Secretary

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

10. Duties and responsibilities

The duties and responsibilities of the Committee shall consist in:

10.1 Human resources

- (a) Reviewing, while taking into account the Bank's competitive position and maintaining a fair internal system, and submitting to the Board of Directors for approval the Committee's recommendations regarding:
 - (i) the appointment of the members of the Bank's management;
 - (ii) rules governing the Bank's stock option plan and phantom stock to be granted to Bank personnel;
 - (iii) any significant change in the working conditions of the Bank's management other than those relating to the registered pension plans;
- (b) Approving the employee and management compensation policy;
- (c) Establishing the compensation and individual bonuses under the incentive plans of the members of management whose appointment it proposes and approving the granting of stock options and phantom shares;
- (d) Adopting, modifying and administering any supplementary benefit plan, employee benefits plan, compensation plan in the event of change in control or any other similar plan to benefit the officers and executives of the Bank and its subsidiaries, excepting any and all registered pension plans;

- (e) Approving the rules regarding the granting of stock options and phantom stock to personnel of the subsidiaries and receiving reports of these grants;
- (f) Receiving periodic reports on significant changes in the pay and other employment conditions of the employees of the Bank and its subsidiaries that fall under the Committee's responsibility;
- (g) Periodically reviewing the current and future structure of the Bank and the succession planning for the Bank's executives;
- (h) Receiving periodic status reports on the relations between the Bank and the employees' union.

10.2 *Corporate governance*

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

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

11. **Reporting**

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

SCHEDULE C
COMMITTEE REPORTS

Dear Shareholders,

The chairs of the Audit, Risk Management and Human Resources and Corporate Governance committees are pleased to present the following activity reports to you. The purpose of these reports is to summarize the committees' main work during the last completed fiscal year. Initiated two years ago by the Audit Committee, this voluntary process has since been incorporated into that committee's mandate in accordance with the best corporate governance practices. This year, three reports are being presented to you. The Bank considers this additional information to be meaningful for its shareholders.

Report of the Audit Committee

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

Responsibilities regarding the external audit

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

Responsibilities regarding the internal audit

- As it does every year, the Committee reviewed and approved the mandate and audit plan of the internal audit function and regularly ensured that the function had sufficient resources. It also examined the main findings and recommendations, and the follow-up made on the recommendations as well as the internal auditors' opinion on the internal controls.

Responsibilities regarding financial disclosure and reports

- In accordance with its mandate and the Information Disclosure Policy, the Committee reviewed the financial statements and the Management's Discussion and Analysis included in the Bank's annual report before they were approved by the directors. It also examined the quarterly financial statements and the Management's Discussion and Analysis included in the Bank's press releases before they were submitted to the Board of Directors.

Responsibilities regarding internal controls

- The Committee received from management a letter of certification for the fiscal year ended October 31, 2005, and for each of the quarters of fiscal 2005 covering all of the Bank's operations.
- On a continuous basis, the Committee ensured that follow-up was made on the main aspects of internal control and compliance. In particular, the Committee received and reviewed the compliance programs completed during the fiscal year, reviewed and recommended that the Board of Directors approve the Bank's Compliance Policy and ensured that the compliance function had sufficient resources.
- The Committee also approved the Bank's disclosure process for inappropriate accounting treatment.
- Lastly, the Committee kept itself informed of the actions taken by the Bank to comply with the regulatory requirements aimed at increasing investor confidence, such as those related to financial certification.

Responsibilities regarding supervisory agencies

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



Dominic J. Taddeo, Chair

Report of the Risk Management Committee

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

Review function

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

Credit function

- The Committee considered and, when appropriate, approved the changes to the Bank's credit policies, in particular reviewing certain limits, before submitting them to the Board of Directors for approval.
- The Committee closely monitored changes in the Bank's loan portfolio, in particular impaired loans and watchlist loans as well as the status of loan losses and the adequacy of loan loss provisions. In addition, the Committee examined the loan applications that deviated from the lending guidelines and, if appropriate, recommended their approval by the Board of Directors.

Supervisory function

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



Jonathan I. Wener, Chair

Report of the Human Resources and Corporate Governance Committee

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

Human resources function

- The Committee evaluated the performance of the President and Chief Executive Officer and reviewed the evaluations of the members of the Executive Committee for the 2004 fiscal year and their objectives for 2005. The Committee reviewed senior management compensation for the 2005 fiscal year, including base salary and long and short-term incentive compensation. A detailed report on these subjects can be found under the heading "Executive Compensation" in the Bank's Management Proxy Circular dated January 27, 2005 and under the same heading in this Circular.
- On September 29, 2005, the Committee approved a Restricted Share Unit Program and a stock option plan designed to encourage share ownership by its employees. The Restricted Share Unit Program is described under the heading "Executive Compensation" of this Circular.
- The Committee reviewed the special measure enabling the payment of a special bonus to all Bank employees eligible for the short-term incentive compensation program for the 2004 fiscal year. More information about this special measure can be found under the heading "Executive Compensation" of the Bank's Management Proxy Circular dated January 27, 2005. The Committee also approved the pay increases for the Bank's non-unionized personnel for fiscal 2005.
- The Committee reviewed the bonus thresholds for the 2005 fiscal year. The Bank's short-term incentive compensation program and bonus threshold are described in greater detail under the heading "Executive Compensation" of this Circular.
- The Committee monitored the arbitration process for the collective agreement of the Bank's unionized employees, the settlement of the dispute before the Canada Industrial Relations Board regarding the scope of the accreditation certificate and the conclusion of the agreement with the *Fédération des travailleurs et travailleuses du Québec (FTQ)* to offer financial products to its 550,000 members.

Corporate governance function

- With respect to corporate governance, the Committee reviewed the composition of the Board of Directors and the candidacies for director positions and considered the succession plan for the President and Chief Executive Officer. It also recommended changes in the descriptions of the functions of the Board of Directors and of the President and Chief Executive Officer and to the directors' Code of Conduct to bring them in line with the best corporate governance practices.
- The Committee also reviewed the criteria set for the independence of the directors in accordance with the requirements of the applicable regulations and evaluated the size of the Board but did not recommend any change.
- Lastly, the Committee coordinated the process for evaluating the Board of Directors, committees and the members thereof. Further information on this process can be found in the "Corporate Governance Disclosure" section of this Circular.



Pierre Michaud, Chair

SCHEDULE D

SUMMARY OF ATTENDANCE FOR THE FINANCIAL YEAR ENDED ON OCTOBER 31, 2005

Name	Attendance			
	Board of Directors	Audit Committee	Risk Management Committee	Human Resources and Corporate Governance Committee
Jean Bazin	11 / 12	6 / 6		
Richard Bélanger	12 / 12	6 / 6		
Ève-Lyne Biron	11 / 12 *			8 / 9 *
Ronald Corey	12 / 12			9 / 9
L. Denis Desautels	12 / 12	6 / 6		9 / 9
Georges Hébert	10 / 12		9 / 10	
Veronica S. Maidman	12 / 12		10 / 10	
Raymond McManus	12 / 12			
Pierre Michaud	11 / 12			9 / 9
Carmand Normand	12 / 12		9 / 10	
Gordon Ritchie	11 / 12	6 / 6		
Dominic J. Taddeo	10 / 12	5 / 6		
Jonathan I. Wener	11 / 12		10 / 10	

* Absence due to illness

Summary of Board of Directors and Committee Meetings Held

Board of Directors	12
Audit Committee	6
Risk Management Committee	10
Human Resources and Corporate Governance Committee	9

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.