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Laurentian Bank reports third quarter 2017 results

MONTREAL, QUEBEC--(Marketwired - Aug. 29, 2017) - Laurentian Bank of Canada (TSX:LB)

The financial information reported herein is based on the condensed interim consolidated financial statements (unaudited) for the period ended July 31, 2017, prepared in accordance with IAS 34 *Interim financial reporting*, as issued by the International Accounting Standards Board (IASB). All amounts are denominated in Canadian dollars. The complete Third Quarter 2017 Report to Shareholders is available on the Laurentian Bank's website at <http://www.laurentianbank.ca/> and on SEDAR at <http://www.sedar.com/>.

Highlights of third quarter 2017

- Adjusted net income ⁽¹⁾ up 30% year-over-year, and reported net income up 21%
- Adjusted return on common shareholders' equity ⁽¹⁾ of 13.0% and 11.8% on a reported basis
- Adjusted efficiency ratio of 65.6%, an improvement of 450 bps year-over-year, and reported efficiency ratio of 67.9%
- Loan losses of \$6.4 million, including favorable adjustments of \$5.0 million in the quarter
- Common Equity Tier 1 (CET1) ratio at 7.9%
- Loans to business customers up 21% year-over-year, from both organic growth and the acquisition of CIT Canada ⁽²⁾
- Residential mortgage loans through independent brokers and advisors up 17% year-over-year
- Acquisition of NCF ⁽³⁾ and concurrent common share issuance subsequent to quarter-end, which will add 8 basis points to the CET1 ratio

In millions of Canadian dollars, except per share and percentage amounts (Unaudited)	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED		
	JULY 31 2017	JULY 31 2016	VARIANCE	JULY 31 2017	JULY 31 2016	VARIANCE
Reported basis						
Net income	\$ 54.8	\$ 45.1	21 %	\$ 147.8	\$ 133.5	11 %
Diluted earnings per share	\$ 1.48	\$ 1.34	10 %	\$ 3.97	\$ 4.13	(4) %
Return on common shareholders' equity	11.8 %	11.2 %		10.8 %	11.7 %	
Efficiency ratio	67.9 %	70.1 %		69.3 %	70.3 %	
Common Equity Tier I capital ratio - All-in basis	7.9 %	7.9 %				
Adjusted basis ⁽¹⁾						
Adjusted net income	\$ 59.9	\$ 46.1	30 %	\$ 164.3	\$ 136.5	20 %

Adjusted diluted earnings per share	\$ 1.63	\$ 1.37	19 %	\$ 4.46	\$ 4.23	5 %
Adjusted return on common shareholders' equity	13.0 %	11.4 %		12.1 %	12.0 %	
Adjusted efficiency ratio	65.6 %	70.1 %		66.7 %	70.3 %	

- (1) Certain measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. Refer to the Non-GAAP Measures section for further details.
- (2) The Canadian equipment financing and corporate financing activities of CIT Group Inc.
- (3) Northpoint Commercial Finance.

Laurentian Bank of Canada (the "Bank") reported net income of \$54.8 million or \$1.48 diluted per share for the third quarter of 2017, compared with net income of \$45.1 million or \$1.34 diluted per share for the same period last year. Return on common shareholders' equity was 11.8% for the third quarter of 2017, compared with 11.2% for the third quarter of 2016. On an adjusted basis, net income totalled \$59.9 million or \$1.63 diluted per share for the third quarter of 2017, up 30% and 19% respectively, compared with \$46.1 million or \$1.37 diluted per share for the same period in 2016. Adjusted return on common shareholders' equity was 13.0% for the third quarter of 2017, compared with 11.4% a year ago. Reported results included adjusting items, such as costs related to the Bank's branch mergers, the integration of CIT Canada and costs related to the acquisition of NCF, as detailed in the Non-GAAP measures section.

For the nine months ended July 31, 2017, the Bank reported net income of \$147.8 million or \$3.97 diluted per share, compared with net income of \$133.5 million or \$4.13 diluted per share for the same period last year. Return on common shareholders' equity was 10.8% for the nine months ended July 31, 2017, compared with 11.7% for the nine months ended July 31, 2016. On an adjusted basis, net income totalled \$164.3 million or \$4.46 diluted per share for the nine months ended July 31, 2017, up 20% and 5% respectively, compared with \$136.5 million or \$4.23 diluted per share for the nine months ended July 31, 2016. Adjusted return on common shareholders' equity was 12.1% for the nine months ended July 31, 2017, compared with 12.0% for the same period a year ago. Reported results for the nine months ended July 31, 2017 and for the nine months ended July 31, 2016 included adjusting items, as detailed in the Non-GAAP measures section.

François Desjardins, President and Chief Executive Officer, commented on the Bank's results and financial condition: "We delivered strong results in the third quarter with an adjusted ROE of 13.0%. Growth in Business Services, both organic and through acquisitions, has provided for revenue growth. I'm also pleased with the recent acquisition of NCF that closed earlier in August. Meanwhile, we remain focused on delivering our business plan. The implementation of our core banking system for B2B Bank and Business Services operations at the end of the year will provide us with the added flexibility to maneuver in the current environment and modernize our offering."

Consolidated Results

Non-GAAP measures

Management uses both generally accepted accounting principles (GAAP) and certain non-GAAP measures to assess the Bank's performance. The Bank's non-GAAP measures presented throughout this document exclude the effect of certain amounts designated as adjusting items due to their nature or significance. These non-GAAP measures are considered useful to readers in obtaining a better understanding of how management analyzes the Bank's results and in assessing underlying business performance and related trends. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are unlikely to be comparable to any similar measures presented by other issuers.

The following table presents the impact of adjusting items on reported results.

IMPACT OF ADJUSTING ITEMS

In thousands of Canadian dollars, except per share	FOR THE THREE MONTHS ENDED			FOR THE NINE MONTHS ENDED	
	JULY 31 2017	APRIL 30 2017	JULY 31 2016	JULY 31 2017	JULY 31 2016

amounts
(Unaudited)

**Impact on net
income**

Reported net income	\$	54,798	\$	44,572	\$	45,137	\$	147,826	\$	133,527
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**Adjusting items,
net of income
taxes**

Restructuring charges ⁽¹⁾		1,584		1,248		-		3,524		-
Items related to business combinations										
Amortization of net premium on purchased financial instruments ⁽²⁾		563		647		930		1,968		2,944
Amortization of acquisition-related intangible assets ⁽³⁾		181		186		-		545		-
Costs related to business combinations ⁽⁴⁾		2,780		4,965		-		10,402		-
		3,524		5,798		930		12,915		2,944
		5,108		7,046		930		16,439		2,944

Adjusted net income	\$	59,906	\$	51,618	\$	46,067	\$	164,265	\$	136,471
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**Impact on diluted
earnings per share**

Reported diluted earnings per share	\$	1.48	\$	1.19	\$	1.34	\$	3.97	\$	4.13
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Adjusting items

Impairment and restructuring charges		0.05		0.04		-		0.10		-
Items related to business combinations		0.11		0.18		0.03		0.39		0.10
		0.15		0.21		0.03		0.48		0.10

Adjusted diluted earnings per share ⁽⁵⁾	\$	1.63	\$	1.39	\$	1.37	\$	4.46	\$	4.23
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(1) Restructuring charges result from the realignment of strategic priorities of the Bank's retail activities and mostly relate to salaries, communication expenses and professional fees. They have been designated as adjusting items due to their nature and the significance of the amounts.

(2) The amortization of net premium on purchased financial instruments arose as a result of a one-time gain on acquisition and is considered an adjusting item since it represents, according to

management, a significant non-cash and non-recurring adjustment.

- (3) The amortization of intangible assets related to the acquisition of CIT Canada is considered an adjusting item since it represents, according to management, a significant non-cash and non-recurring adjustment. The amortization of acquisition-related intangible assets is included in the line item Other non-interest expenses in the Consolidated Statement of Income.
- (4) Costs related to the integration of CIT Canada and transaction costs related to the acquisition of NCF.
- (5) The impact of adjusting items on a per share basis does not add due to rounding for the three months and nine months ended July 31, 2017 and for the three months ended April 30, 2017.

Three months ended July 31, 2017 financial performance

Net income was \$54.8 million or \$1.48 diluted per share for the third quarter of 2017, compared with \$45.1 million or \$1.34 diluted per share for the third quarter of 2016. Adjusted net income was \$59.9 million for the third quarter of 2017, up 30% from \$46.1 million for the third quarter of 2016, while adjusted diluted earnings per share were \$1.63, up 19% compared with \$1.37 in the third quarter of 2016.

Total revenue

Total revenue increased by \$18.9 million or 8% to \$248.0 million for the third quarter of 2017 from \$229.1 million for the third quarter of 2016, mainly driven by the additional contribution from CIT Canada as further detailed below.

Net interest income increased by \$9.7 million or 7% to \$157.7 million for the third quarter of 2017, from \$148.0 million for the third quarter of 2016. The increase was mainly due to strong volume growth in the commercial loan portfolios, both organic and from acquisitions, partly offset by tighter margins stemming from the very low interest rate environment. Net interest margin stood at 1.63% for the third quarter of 2017, a decrease of 6 basis points compared with the third quarter of 2016, due to the persistent pressure on lending rates, higher proportion of lower-yielding residential mortgage loans and higher liquidity held in relation to the acquisition of NCF. This decrease was partly offset by strong organic growth in loans to business customers and by the addition of the equipment financing portfolios.

Other income increased by \$9.2 million amounting to \$90.3 million for the third quarter of 2017, compared with \$81.1 million for the third quarter of 2016. The recently acquired CIT Canada operations contributed \$3.4 million to other income in the third quarter of 2017. Income from sales of mutual funds increased by \$2.2 million compared with the third quarter of 2016, as a result of higher mutual fund volumes to retail clients driven by net sales and good market performance. Fees and commissions on loans and deposits increased by \$3.4 million, mainly driven by higher lending fees due to increased activity in the commercial portfolios compared with the third quarter of 2016. These increases were partly offset by a decrease in income from investment accounts of \$1.9 million mainly due to the loss of a large client at the beginning of the year.

Amortization of net premium on purchased financial instruments

For the third quarter of 2017, the amortization of net premium on purchased financial instruments amounted to \$0.8 million, compared with \$1.3 million for the third quarter of 2016. Refer to Note 14 in the condensed interim consolidated financial statements (unaudited) for additional information.

Provision for credit losses

The provision for credit losses amounted to \$6.4 million for the third quarter of 2017 compared with \$8.2 million for the third quarter of 2016. The completion and delivery of certain real estate development projects and improving economic indicators in Alberta prompted the release of allowances of approximately \$2.0 million in the third quarter of 2017. In addition, as part of the Bank's ongoing project to implement the AIRB Approach to credit risk, the review of allowance models resulted in the release of approximately \$3.0 million in provision for credit losses. Notwithstanding, the continued low level of credit losses reflects the overall underlying good credit quality of the loan portfolios.

Non-interest expenses

Non-interest expenses amounted to \$168.4 million for the third quarter of 2017, an increase of \$7.9 million compared with the third quarter of 2016. Adjusted non-interest expenses increased slightly to \$162.7 million for the third quarter of 2017, compared with \$160.5 million for the third quarter of 2016 and reflect the continued focus on cost control.

Salaries and employee benefits increased by \$6.7 million or 8% to \$89.2 million for the third quarter of 2017, compared with the third quarter of 2016, due to regular annual salary increases, cumulative adjustment to variable performance-based compensation, higher pension costs and the addition of employees from CIT Canada, partly offset by reductions in salaries related to the branch mergers.

Premises and technology costs decreased by \$4.3 million to \$45.0 million for the third quarter of 2017 compared with the third quarter of 2016. The decrease mostly stems from the lower amortization expense resulting from impairment charges on assets recorded in the fourth quarter of 2016 and the lower rental expenses related to branch mergers, as well as lower technology costs.

Other non-interest expenses amounted to \$28.8 million for the third quarter of 2017, relatively unchanged compared with the third quarter of 2016.

Restructuring charges amounted to \$2.2 million for the third quarter of 2017 and included salaries, communication expenses and professional fees related to the optimization of the Bank's Retail activities and branch mergers completed during the quarter, and as previously announced.

Costs related to business combinations amounted to \$3.2 million for the third quarter of 2017 and included severance charges, technology costs and professional fees for the integration of CIT Canada's operations, in addition to costs of \$1.6 million in relation to the acquisition of NCF which closed mid-August.

The adjusted efficiency ratio was 65.6% for the third quarter of 2017, compared with 70.1% for the third quarter of 2016. This efficiency ratio compares favorably to the performance target set two years ago. However, as the Bank invests in its transformation, this ratio may be subject to certain quarterly variations. The adjusted operating leverage was positive year-over-year, driven by both revenue growth and expense control.

Income taxes

For the quarter ended July 31, 2017, the income tax expense was \$17.7 million and the effective tax rate was 24.4%. The lower tax rate, compared to the statutory rate, mainly resulted from the favourable effect of holding investments in Canadian securities that generate non-taxable dividend income, as well as the lower taxation level on revenues from insurance operations. For the quarter ended July 31, 2016, the income tax expense was \$14.0 million and the effective tax rate was 23.7%. Year-over-year, the higher effective tax rate for the quarter ended July 31, 2017 mainly resulted from the higher level of domestic taxable income.

Financial Condition

As at July 31, 2017, the Bank's total assets amounted to \$45.2 billion, an increase of \$2.2 billion compared with \$43.0 billion as at October 31, 2016. The increase mainly reflects an increase in liquid assets of \$0.8 billion, and loan growth of \$1.5 billion, partly offset by a decrease in other assets of \$0.1 billion as explained below.

Liquid assets

Liquid assets consist of cash, deposits with other banks, securities and securities purchased under reverse repurchase agreements. As at July 31, 2017, these assets totalled \$9.5 billion, an increase of \$0.8 billion compared with October 31, 2016. Over the last nine months, the Bank had started to increase its liquid assets, in part to fund the anticipated NCF transaction. Overall, the Bank continues to prudently manage the level of liquid assets and to hold sufficient cash resources from diversified sources in order to meet its current and future financial obligations, under both normal and stressed conditions.

Loans

Loans and bankers' acceptances, net of allowances, stood at \$34.8 billion as at July 31, 2017, up \$1.5 billion or 5% from October 31, 2016.

Personal loans amounted to \$6.2 billion and decreased by \$0.4 billion since October 31, 2016, mainly due to net repayments in the investment loan portfolio, reflecting expected attrition.

Residential mortgage loans stood at \$17.9 billion as at July 31, 2017, an increase of \$1.2 billion or 7% since October 31, 2016. This reflects continued growth in residential mortgage loans distributed through independent brokers and advisors, as well as the acquisition of insured mortgage loans originated by third-parties as part of a program initiated by the Bank in 2016 to optimize the usage of National Housing Act mortgage-backed securities (NHA MBS) allocations.

Commercial loans, including acceptances, increased by \$0.3 billion or 6% since October 31, 2016, mainly due to growth in equipment financing loans through LBC Capital Inc., and increased volumes from syndication activities. Commercial mortgage loans increased by \$0.5 billion or 10% over the same period. When combined, total loans to business customers amounted to \$10.8 billion as at July 31, 2017, up 8% since October 31, 2016. Loans to

business customers increased 21% year-over-year as a result of strong organic growth and due to the acquisition of CIT Canada's \$0.9 billion commercial loan portfolios in the fourth quarter of 2016.

Other assets

Other assets decreased by \$0.1 billion as at July 31, 2017, compared with October 31, 2016, primarily reflecting a decrease in cheques and other items in transit and lower derivatives.

Liabilities

Deposits increased by \$0.7 billion to \$28.2 billion as at July 31, 2017, compared with October 31, 2016. Personal deposits stood at \$20.6 billion as at July 31, 2017, down \$0.4 billion compared with October 31, 2016, and essentially unchanged compared to April 30, 2017. The decrease compared to the beginning of the year was mainly driven by lower term deposits sourced through the branch network. Business and other deposits increased by \$1.0 billion to \$7.6 billion over the same period. Personal deposits represented 73% of total deposits as at July 31, 2017, compared with 76% as at October 31, 2016, and contributed to the Bank's good liquidity position.

Debt related to securitization activities increased by \$0.6 billion compared with October 31, 2016 and stood at \$7.9 billion as at July 31, 2017. Since the beginning of the year, the Bank continued to optimize this source of term funding for residential mortgages and also pursued its strategy to optimize the usage of its NHA MBS allocations by issuing \$1.5 billion of NHA MBS for new financing. During the third quarter of 2017, the Bank also obtained funding of \$0.2 billion by securitizing personal investment loans, a first in Canada.

Subordinated debt increased to \$548.8 million as at July 31, 2017, from \$199.8 million as at October 31, 2016. On June 22, 2017, the Bank issued \$350.0 million of notes (Non-Viability Contingent Capital (NVCC)) (subordinated indebtedness). Refer to Note 7 in the condensed interim consolidated financial statements (unaudited) for additional information. Subordinated debt is an integral part of the Bank's regulatory capital and affords its depositors additional protection.

Shareholders' equity and regulatory capital

Shareholders' equity stood at \$2,051.8 million as at July 31, 2017, compared with \$1,974.8 million as at October 31, 2016. This \$77.0 million increase is mainly explained by the net income contribution for the nine-month period, net of declared dividends, and the issuance of common shares under the Shareholder Dividend Reinvestment and Share Purchase Plan.

As part of the acquisition of NCF, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of \$51.70 per receipt. The proceeds of the offering were placed in escrow until the closing of the NCF acquisition. On August 11, 2017 the subscription receipts were automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering provided the Bank net proceeds of \$206.3 million. The Bank had also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of \$23.9 million, which were also converted into common shares upon the closing of the transaction.

The Bank's book value per common share appreciated to \$50.54 as at July 31, 2017 from \$47.92 as at October 31, 2016. There were 34,190,583 common shares outstanding as at August 23, 2017.

The Common Equity Tier 1 capital ratio stood at 7.9% as at July 31, 2017, compared with 8.1% as at April 30, 2017 and 8.0% as at October 31, 2016. At the beginning of the year, lower growth in risk-weighted exposures, as well as actuarial gains on pension plans provided for improvements in capital ratios. Stronger growth over the last six months, as well as additional deductions to capital for intangible assets, as the Bank progresses with the development of its new core banking system and its project to adopt the AIRB Approach to credit risk, have gradually driven the capital ratio lower. As mentioned above, following the closing of the NCF acquisition the outstanding subscription receipts were converted into common shares of the Bank on August 11, 2017. This share issuance, taking into account the NCF acquisition will provide an increase in the CET1 ratio of 8 basis points.

Optimization of Retail Activities

As part of the announcement in September 2016 to merge its branches over the next 18 months, the Bank has completed several initiatives related to its transformation. Since the beginning of the year 41 branches were merged, and 23 branches became advice-only in April 2017 to further optimize Retail activities. Management continues to monitor the impact of these actions. The initial response from customers and employees has been positive and the impact on operations and results are in line with expectations.

In order to simplify processes, improve efficiency and build on the strength of the relationship between advisors and their clients, as well as to further digitalize services, the branch model will transition to focus on delivering financial advice while migrating customers to electronic- and web-based platforms by December 2018.

These actions are in line with customer preferences towards online banking over branch visits. In the same vein, as of November 1, Retail Services in Quebec will solely originate residential mortgages through the branch network and no longer through the mortgage broker channel.

Acquisition of Northpoint Commercial Finance

On May 18, 2017, the Bank entered into a definitive agreement under which it agreed to acquire NCF, a U.S. based non-bank inventory finance lender with a portfolio of approximately USD\$810 million (CDN\$1,027 million). The transaction closed on August 11, 2017. The purchase price, subject to customary post-closing purchase price adjustments, is estimated at USD\$250 million (CDN\$326 million) and will be based on the book value of the net assets of NCF as at the closing date, including a premium of approximately USD\$100 million (CDN\$136 million). As part of the transaction, the Bank has also reimbursed previous credit facilities of NCF for approximately USD\$670 million (CDN\$850 million).

To support the Bank's balance sheet, considering this transaction, the Bank issued 4,171,000 subscription receipts on May 26, 2017, at a price of \$51.70 per receipt. The proceeds of the offering were placed in escrow until the closing of the NCF acquisition. On August 11, 2017 the subscription receipts were automatically exchanged, on a one-for-one basis, for common shares of the Bank. This offering provided the Bank net proceeds of \$206.3 million. The Bank had also entered into a subscription agreement with Caisse de dépôt et placement du Québec (Caisse), in which Caisse purchased 483,560 subscription receipts for net proceeds to the Bank of \$23.9 million, which were also converted into common shares upon the closing of the transaction.

Industry Developments

Over the past year, Canadian financial markets have been facing challenging conditions related to the housing sector, including new policy measures from the Federal Government. The new mortgage rules issued last fall by the CMHC have temporarily reduced the ability of potential buyers to qualify for the purchase of a home. In July, OSFI issued draft changes to its Guideline B-20 "Residential Mortgage Underwriting Practices and Procedures", which introduce more stringent mortgage loan origination requirements, and could further affect access to mortgage financing. These measures combined with concerns about overheated housing markets in the greater Toronto and Vancouver areas, have kept housing in the spotlight. Notwithstanding, the Bank's activities are well diversified, and its business plan strategically positions it to meet these challenges. It is very difficult to predict the extent of the impact on the market as the behavior of current and future home owners will probably adapt to the new regulations.

In addition, intensifying competition for funding through the brokered deposit network has gained attention. The Bank benefits from well diversified sources of deposits, including personal deposits sourced through its branch network and through independent advisors and brokers. As well, the expanding securitization activities and institutional funding program contribute to diversified, strong and stable funding. Furthermore, given current market conditions, the Bank continues to prudently manage the level of liquid assets and maintains an adequate level of liquidity to meet current obligations and support growth.

Caution Regarding Forward-Looking Statements

In this document and in other documents filed with Canadian regulatory authorities or in other communications, Laurentian Bank of Canada (the "Bank") may from time to time make written or oral forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements include, but are not limited to, statements regarding the Bank's business plan and financial objectives. The forward-looking statements contained in this document are used to assist readers in obtaining a better understanding of the Bank's financial position and the results of operations as at and for the periods ended on the dates presented and may not be appropriate for other purposes. Forward-looking statements typically use the conditional, as well as words such as prospect, believe, estimate, forecast, project, expect, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology.

By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the forecasts, projections and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the Bank believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Certain important assumptions by the Bank in making forward-looking statements include, but are not limited to: the Bank's ability to execute its transformation plan and strategy; the expectation of regulatory stability; the continued favourable economic conditions; the Bank's ability to maintain sufficient liquidity and capital resources; the absence of material unfavorable changes in competition, market conditions or in government monetary, fiscal and economic policies; and the maintenance of credit ratings.

The Bank cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include: changes in capital market conditions, changes in government monetary, fiscal and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, changes in competition, modifications to credit ratings, scarcity of human resources, as well as developments in the technological environment. Furthermore, these factors include the ability to execute the Bank's transformation plan and in particular the successful reorganization of retail branches, the modernization of the core banking system and the adoption of the Advanced Internal Ratings-Based Approach to credit risk (the AIRB Approach).

With respect to the anticipated benefits from the acquisition of Northpoint Commercial Finance ("NCF") and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of the Bank's and NCF's customers to the transaction; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the acquisition of NCF; the Bank's limited experience in the U.S. market and in inventory financing; and diversion of management time on acquisition-related issues.

With respect to the anticipated benefits from the acquisition of CIT Canada and statements with regards to this transaction being accretive to earnings, such factors also include, but are not limited to: the ability to realize synergies in the anticipated time frame, the ability to promptly and effectively integrate the businesses, reputational risks and the reaction of the Bank's and CIT Canada's customers to the transaction, and diversion of management time on acquisition-related issues.

The Bank further cautions that the foregoing list of factors is not exhaustive. For more information on the risks, uncertainties and assumptions that would cause the Bank's actual results to differ from current expectations, please also refer to the "Risk Appetite and Risk Management Framework" on page 37 of the Bank's Management's Discussion and Analysis as contained in the Bank's 2016 Annual Report, as well as to other public filings available at www.sedar.com.

The Bank does not undertake to update any forward-looking statements, whether oral or written, made by itself or on its behalf, except to the extent required by securities regulations.

Access to Quarterly Results Materials

Interested investors, the media and others may review this press release, the Bank's Third Quarter 2017 Report to Shareholders (which includes the condensed interim consolidated financial statements (unaudited)), presentation to investors and supplementary financial information on the Bank's website at www.laurentianbank.ca, under the Laurentian Bank tab, Investors, Quarterly Results.

Conference Call

Laurentian Bank invites media representatives and the public to listen to the conference call to be held at 3:30 p.m. Eastern Time on August 29, 2017. The live, listen-only, toll-free, call-in number is 1-800-274-0251, code 9007009. A live webcast will also be available on the Bank's website under the Laurentian Bank tab, Investors, Quarterly Results.

The conference call playback will be available on a delayed basis at any time from 6:30 p.m. on August 29, 2017 until 6:00 p.m. on September 28, 2017, on the Bank's website under the Laurentian Bank tab, Investors, Quarterly Results.

The presentation material referenced during the call will be available on the Bank's website under the Laurentian Bank tab, Investors, Quarterly Results.

About Laurentian Bank

Laurentian Bank of Canada is a financial institution whose activities extend mainly across Canada. Founded in 1846, its mission is to help customers improve their financial health and it is guided by values of proximity, simplicity and honesty.

The Bank serves one and a half million clients throughout the country and employs more than 3,500 individuals, which makes it a major player in numerous market segments. The Bank caters to the needs of retail clients via its branch network based in Quebec. The Bank also stands out for its know-how among small and medium-sized enterprises and real estate developers owing to its specialized teams across Canada. Its subsidiary B2B Bank is, for its part, one of the major Canadian leaders in providing banking products and services and investment accounts through financial advisors and brokers. Laurentian Bank Securities offers integrated brokerage services to a clientele of institutional and retail investors.

The Bank has more than \$45 billion in balance sheet assets and more than \$31 billion in assets under administration.

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